Background Material on Sustainability & Business Responsibility & Sustainability Reporting (BRSR)

(Revised Edition 2024)

Issued by Sustainability Reporting Standards Board
The Institute of Chartered Accountants of India
(Set up by an Act of Parliament)
New Delhi

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FOREWORD

In recent years, global stakeholders have been demanding greater corporate accountability for social and environmental impacts. Pressing issues like climate change, gender equality, and environmental degradation have further heightened awareness and activism. In response, Sustainability Reporting has emerged as a vital tool, encompassing the disclosure of an entity's non-financial performance in areas like the Environment, Social, and Governance (ESG). The efficacy of Sustainability Reporting hinges on the quality of the information and trust in the reporting framework. To truly benefit stakeholders, sustainability reports must provide data that is fair, transparent, balanced, consistent, understandable, and comparable. This ensures informed decision-making and accountability for businesses.

India has been an early adopter of sustainability reporting for listed entities. In 2012, the Business Responsibility Report (BRR) as released by the Securities and Exchange Board of India (SEBI) mandated listed entities to disclose their ESG performance. Expanding on this foundation, in May 2021, the SEBI introduced a transformative reporting requirement – the Business Responsibility and Sustainability Report (BRSR). The BRSR represents a significant improvement from the BRR, aiming to standardize disclosures and incorporate quantitative and qualitative ESG parameters. Notably, SEBI has updated the BRSR format to include the BRSR Core's new Key Performance Indicators (KPIs). Starting from the financial year 2022-23, SEBI mandated the top 1,000 listed entities (by market capitalization) to disclose in line with the updated BRSR format. Additionally, the SEBI introduced the requirement of Assurance on Sustainability Reporting. This marked a significant stride towards corporate transparency and accountability.

The **Sustainability Reporting Standards Board (SRSB) of the Institute of Chartered Accountants of India (ICAI)** has been instrumental in enhancing the sustainability reporting ecosystem. Their dedication culminated in the Revised **"Background Material on Sustainability and Business Responsibility and Sustainability Reporting (BRSR),"** encapsulating the latest SEBI Circular's requirements and offering crucial guidance on such reporting.

I extend my heartfelt appreciation to CA. Sripriya Kumar, Chairperson, CA. (Dr.) Anuj Goyal, Vice-Chairman, along with all other members of the Sustainability Reporting Standards Board for their unwavering support and contributions. This resource will prove invaluable to our members and stakeholders, accelerating the adoption of sustainable practices and unlocking new opportunities.

Presenting the revised edition of **"Background Material on Sustainability and Business Responsibility and Sustainability Reporting (BRSR)",** our aim is to equip you with the knowledge and tools needed to navigate this evolving landscape effectively. Together, let us embark on the journey towards a more sustainable and responsible corporate world.

CA. Charanjot Singh Nanda
Vice President, ICAI

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President, ICAI

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MODULE ONE: INTRODUCTION AND IMPORTANCE OF SUSTAINABILITY

This module of the background material prepared for the Certificate Course on Sustainability and BRSR lays the groundwork for understanding the crucial role of sustainability in today's business landscape. In this module, we attempt to gain understanding of the concepts of sustainability, examining its significance not just for the planet but also for businesses which inhabit an increasingly resource-constrained and interconnected world.

Key Elements covered in this module

- ***Understanding Sustainability in Business:*** Demystifying the term "sustainability" and its practical implications for companies operating across various sectors.
- ***UN Sustainable Development Goals 2030:*** Delving into the framework set by the UN, conceptual understanding of the 17 Sustainable Development Goals (SDGs) and their relevance to business practices.
- ***Sustainability Accounting & Reporting:*** Unveiling the concept and importance of integrating sustainability considerations into a company's financial reporting, transparency, and stakeholder communication.
- ***Need for Sustainable Reporting:*** Examining the driving forces behind sustainable reporting, including regulatory requirements, investor expectations, and growing public awareness of environmental and social issues.
- ***National Guidelines on Responsible Business Conduct (NGRBC):*** Diving into the Indian context, we analyze the NGRBC guidelines issued in 2018 and their practical implications for businesses operating in the country.
- ***SDGs and NGRBC Linkage:*** Establishing a clear connection between the UN SDGs and the NGRBC framework, offering businesses a roadmap for aligning their sustainability efforts with national and international aspirations.

Module 1 aims to equip you with:

- A comprehensive understanding of the concept and importance of sustainability for businesses.
- Insights into the UN SDGs and their applicability to your business operations.
- Knowledge of the need for and benefits of sustainable reporting practices.
- A clear understanding of the NGRBC guidelines and their alignment with the SDGs.
- Awareness of the evolving responsibilities of company directors in the context of sustainability.

By completing this module, the reader will be well-positioned to embark on a deeper exploration of how to integrate sustainability into business strategy and operations, contributing to a more responsible and resilient future for an organization and the planet.

1.1 Sustainability in Business

Why the Sustainability Dialogue

Sustainable development requires an integrated approach that takes into consideration environmental concerns along with economic development. In 1987, the United Nations Brundtland Commission defined sustainability as "meeting the needs of the present without compromising the ability of future generations to meet their own needs." Today, there are almost 140 developing countries in the world seeking ways of meeting their development needs, but with the increasing threat of climate change, concrete efforts must be made to ensure development today does not negatively affect future generations.

Sustainability in business refers to a company's strategy and actions to reduce adverse environmental and social impacts resulting from business operations in a particular market. An organization's sustainability practices are typically analyzed against environmental, social and governance (ESG) metrics. Sustainability in business has evolved from a mere idea discussed in meetings to a significant and transformative change in how companies operate. It is no longer exclusive to those who deeply care about the environment; it has become a crucial aspect of responsible business practices. Companies are thinking about how they operate to produce goods and services, what they do with waste they generate, and how they treat their employees. Companies are striving to strike a balance between profitability and environmental and social responsibility. Sustainability is not just a feel-good theme. It is about the imperative of surviving in a world facing climate change, running out of resources, and social problems.

Various groups are joining the call for sustainable practices. Consumers are choosing brands that care about the environment. Investors are looking closely at how companies act responsibly before giving them money. Governments are making rules that reward good behavior and punish bad environmental actions. Employees, too, desire to work for companies that align with their values and contribute to a better future.

But being sustainable is more than just adding a "green" label to a company. It involves a complete overhaul of how a business operates, ensuring that every aspect aligns with the principles of environmental responsibility, fairness to people, and economic viability.

This change isn't just talk; it needs real action. It means companies must be brave enough to move away from just making quick profits and instead focus on long-term success. It's about shifting from caring only about shareholders to thinking about the well-being of everyone. It also means encouraging a culture of innovation, where environmental challenges are seen as opportunities to come up with new and better ways of doing things.

Benefits that Accrue

The good news is that there are real benefits to making this change. Embracing sustainability can foster customer loyalty, attract, and retain top talent, secure funding, and mitigate risks. It can also open new markets, drive innovation, and help communities. Ultimately, it can redefine why businesses exist, turning them from just making money to taking care of the Earth and its people.

Achieving this sustainable future won't be an easy task. It needs teamwork, openness, and learning from past mistakes. It means challenging old ways of doing things and dealing with the difficulties of global cooperation. But the beauty of this effort lies in its ability to bring different voices together for a shared goal, creating a song of hope and strength that lasts for generations.

Sustainability in business is not just a passing trend or a fashionable idea. It's a crucial part of creating a better future for our planet and everyone on it. It's a call for everyone—business leaders, investors, and consumers—to join in and make a difference. Let's unite, blend our diverse melodies, and create an enduring symphony of sustainability for future generations.

1.2. Global Topics in the context of Sustainable Development

Sustainable development has seen significant global developments over the years, driven by growing recognition of environmental challenges, social inequality, and economic disparities. Some key trends and developments include:

a. **International Agreements:** The adoption of landmark agreements such as the Paris Agreement on climate change and the United Nations Sustainable Development Goals (SDGs) has provided a framework for global action. These agreements set ambitious targets for addressing climate change, reducing poverty, promoting equality, and protecting ecosystems.

b. **Corporate Sustainability:** Many companies are adopting sustainability strategies as part of their business models, recognizing the importance of environmental stewardship, social responsibility, and good governance. Corporate sustainability initiatives encompass areas such as carbon footprint reduction, supply chain transparency, ethical sourcing, and diversity and inclusion efforts.

c. **Social Equity:** There's a growing emphasis on social equity and inclusion within sustainable development frameworks. Efforts to reduce poverty, improve access to education and healthcare, empower marginalized communities, and promote gender equality are integral to achieving sustainable development outcomes.

d. **Renewable Energy:** There has been remarkable growth and emphasis on renewable energy sources such as solar, wind, and hydro power. Technological advancements and declining costs have made renewables increasingly competitive with fossil fuels, contributing to efforts to reduce greenhouse gas emissions and combat climate change.

e. **Green Finance and Sustainable Investment:** The financial sector is increasingly recognizing the importance of integrating environmental, social, and governance (ESG) factors into investment decisions. Green bonds, sustainability-linked loans, impact investing, and ESG screening are gaining momentum as investors seek to align their portfolios with sustainable development goals while generating positive financial returns.

f. **Local Action and Grassroots Movements:** Grassroots movements, community-based initiatives, and local governments are playing an increasingly important role in driving sustainable development at the grassroots level. From sustainable urban planning and community gardens to climate resilience projects and environmental education programs, local action is vital for achieving global sustainability goals.

g. **Nature-Based Solutions:** Nature-based solutions involve harnessing the power of ecosystems to address environmental challenges, such as carbon sequestration, water management, and biodiversity conservation. Examples include reforestation projects, green infrastructure, sustainable agriculture practices, and coastal restoration initiatives.

h. **Regenerative Agriculture:** Regenerative agriculture goes beyond sustainable farming practices to restore and enhance ecosystem health, soil fertility, and biodiversity. Techniques such as agroforestry, cover cropping, rotational grazing, and no-till farming help sequester carbon, improve water retention, and promote biodiversity while increasing agricultural productivity and resilience.

i. **Circular Design and Manufacturing:** The circular economy approach aims to minimize waste and maximize resource efficiency by designing products for durability, reuse, and recycling. Emerging trends in circular design and manufacturing include product-as-a-service models, remanufacturing and refurbishment programs, and the adoption of biomimicry principles to create closed-loop systems inspired by nature.

j. **Smart Cities and Sustainable Urbanization:** As urban populations continue to grow, there's a need for smarter, more sustainable cities that prioritize energy efficiency, public transportation, green spaces, and affordable housing. Emerging technologies such as Internet of Things (IoT), big data analytics, and renewable energy integration are being leveraged to create more livable, resilient, and inclusive urban environments.

k. **Digitalization for Sustainability:** Digital technologies such as artificial intelligence, blockchain, and the Internet of Things (IoT) are being harnessed to optimize resource management, monitor environmental performance, and facilitate collaboration for sustainability. From precision agriculture and smart energy grids to supply chain transparency and decentralized renewable energy systems, digitalization offers innovative solutions to complex sustainability challenges.

These emerging trends and areas in sustainability reflect a growing recognition of the need for holistic, systems-based approaches to address interconnected environmental, social, and economic issues. By embracing innovation, collaboration, and long-term thinking, stakeholders can work together to build a more sustainable and resilient future for generations to come.

1.3 United Nations Sustainable Development Goals 2030

1.3.1. Background and evolution of SDG's

The United Nations developed the Sustainable Development Goals or the SDGs as a breakthrough movement in 2015 to mobilise and focus global action towards climate change.

With the signing of the Paris Agreement, the SDGs bring together 192 member countries to address multiple global challenges, concisely, yet precisely. The formulation of these SDGs was the output of years of work by the member countries and the UN, including the UN Department of Economic and Social Affairs. In the Earth summit 1992 in Rio de Janeiro, Brazil, a plan of action to build a global partnership for sustainable development was adopted.

The Evolution of the 17 SDG's

a. In the **2000 New York summit, the Millennium Declaration** was made elaborating **eight Millennium Development Goals** (MDGs) as:

Source: https://globalgoalsproject.eu/blog/2019/09/17/what-were-success-factors-of-the-millennium-development-goals/

b. In the **2002 Earth summit in Johannesburg, South Africa, the Johannesburg Declaration on Sustainable Development, and the Plan of Implementation** was adopted reaffirming the global community's commitments to poverty eradication, and to the environment, by including more emphasis on multilateral partnerships.

c. In the **2012 Earth summit again in Rio de Janeiro, adopted "The Future We Want"** to kick start a process for the formulation of a set of Sustainable Development Goals – SDGs to build upon the eight MDGs that are ending their timeline in 2015.

d. A thirty-member **Open Working Group was set up in 2013** to generate a proposal on the sustainable development goals that resulted in the current 17 SDGs in 2015 after several consultations and discussions.

e. **2015** was the year for many other major global agreements in sustainability such as **the Paris agreement on Climate Change, Addis Ababa Action Agenda on financing for development, Sendai Framework for Disaster Risk Reduction.** Now, the annual High-level Political Forum on Sustainable Development serves as the central UN platform for the follow-up and review of the SDGs.

Main objective of these goals is to develop a plan to develop and grow the world in a sustainable and inclusive fashion, taking into consideration people, the economy, and environment. From lack of food to poverty, hygiene and health to collaboration and partnership, these goals do appear to be generic and can get as detailed and as comprehensive as a member country wants them to be for their own state.

1.3.2. The 5 pillars of Sustainable Development Goals (SDGs)

The SDGs have started a movement which is based on the five pillars, also known as the 5 Ps of the SDGs. The 17 Goals are aligned to these broad pillars.

People	Planet	Prosperity	Peace	Partnership

The Sustainable Development Goals (SDGs) aren't just 17 disparate objectives; they are connected to five pillars known as the 5 Ps: People, Planet, Prosperity, Peace, and Partnership. Each thread represents a crucial aspect of building a just, equitable, and sustainable future for all.

a. **People** stand at the heart of this tapestry. Imagine a world where everyone has enough to eat, access to quality education and healthcare, and the opportunity to thrive regardless of gender or background. That's the essence of this pillar, striving to eradicate poverty, hunger, and inequality while ensuring good health and well-being for all.

b. But a healthy society needs a healthy planet. Planet represents our commitment to protecting and nurturing the Earth. It speaks of combating climate change, safeguarding biodiversity, and ensuring everyone has access to clean water and sanitation. Recognizing that a thriving planet is the foundation for a thriving society, this pillar weaves sustainability into every aspect of human activity.

c. Next comes **Prosperity**. It envisions a world where economic growth benefits everyone, not just a privileged few. This pillar promotes decent work opportunities, sustainable infrastructure, and responsible resource use. It aims to bridge the gap between rich and poor, ensuring equitable distribution of benefits and fostering innovation for a green future.

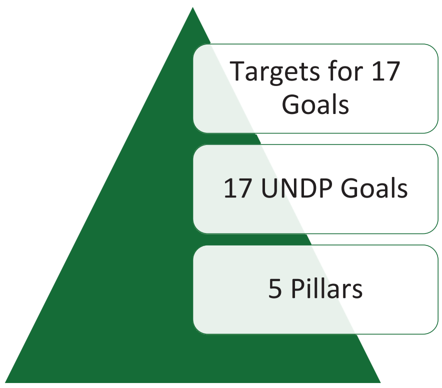
d. But true prosperity cannot exist without **Peace**. This pillar tackles deep-rooted inequalities, builds strong institutions, and promotes justice for all. It envisions societies free from violence and discrimination, where everyone has access to justice systems and feels safe and secure. Only in such an environment can true peace and social cohesion flourish.

e. Finally, **Partnership** underscores the collective effort needed to achieve this ambitious vision. It calls for governments, businesses, civil society, and individuals to join hands, share knowledge, and mobilize resources. From technology transfer to financial support, this pillar emphasizes collaboration as the driving force behind sustainable development.

These 5 Ps aren't isolated threads; they're intricately linked. Progress in one area strengthens the others. Educated and healthy individuals contribute to a sustainable economy. Sustainable practices drive inclusive growth. Peaceful societies protect the environment. In essence, the 5 Ps form a symphony of interconnected goals, their harmonious playing creating a future where people, planet, and prosperity can coexist in peace, united by a spirit of partnership.

How the Pillars connect to the Goals

The goals (discussed later) 1 to 5 primarily focus on People, 6 to 15 focus on Planet and Prosperity, 16 on Peace, and 17 on Partnerships. However, many of these are interlinked and hence the elements of all five Ps can be found in the sustainable goals. For example, the Goal to end Poverty is primarily focused on People, but the indicators for the goal link to Prosperity, Peace, and Partnerships. Similarly, all the 17 goals can be seen to be cross related to all the five elements of sustainability. The global indicator framework for 2030 agenda of Sustainable Development Goals includes targets and indicators. There are 169 targets and 247 indicators listed in the global indicator framework. However, only 231 indicators are unique ones. Twelve indicators repeat under two or three different targets.



People – SDGs

This encompasses eradicating poverty and hunger, ensuring quality education, promoting gender equality, and guaranteeing good health and well-being for all. It focuses on creating a world where everyone thrives, with equal opportunities and access to basic necessities.

Goals	Target
GOAL 1: No Poverty	End poverty in all its forms everywhere
	

Goals	Target
GOAL 2: Zero Hunger	End hunger, achieve food security. Improved nutrition, and promote sustainable agriculture
GOAL 3: Good Health and Well-being	Ensure healthy lives and promote well-being for all at all ages
GOAL 4: Quality Education	Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all
GOAL 5: Gender Equality	Achieve gender equality and empower all women and girls

Planet and Prosperity – SDGs

Planet: This pillar deals with protecting our planet and its resources. It tackles climate change, promotes sustainable consumption and production, safeguards biodiversity, and ensures clean water and sanitation access. It recognizes the Earth's health as crucial for human well-being.

Prosperity: This refers to fostering inclusive and sustainable economic growth, creating decent work and opportunities for all. It emphasizes responsible economic development that considers both social and environmental aspects, aiming for shared prosperity across nations.

Goals	Target
GOAL 6: Clean Water and Sanitation	Ensure availability, sustainable management of water and sanitation for all
GOAL 7: Affordable and Clean Energy	Ensure access to affordable, reliable, and sustainable. And modern energy for all

Goals	Target
GOAL 8: Decent Work and Economic Growth	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all
GOAL 9: Industry, Innovation, and Infrastructure	Build resilient infrastructure, promote inclusive, sustainable industrialization, and foster innovation
GOAL 10: Reduced Inequality	Reduce inequality within and among countries
GOAL 11: Sustainable Cities and Communities	Make cities and human settlements inclusive, safe, resilient, and sustainable
GOAL 12: Responsible Consumption and Production	Ensure sustainable consumption and production patterns
GOAL 13: Climate Action	Take urgent action to combat climate change and its impacts
GOAL 14: Life Below Water	Conserve and sustainably use the oceans, seas, and marine resources for sustainable Development
GOAL 15: Life on Land	Protect, restore, and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, halt, and reverse land degradation. and halt biodiversity loss

Peace – SDGs

Building peaceful and inclusive societies requires ensuring strong institutions, reducing inequalities, promoting justice, and fostering global partnerships. This pillar addresses conflict, violence, and discrimination, striving for a world where everyone feels safe and secure.

Goals	Target
GOAL 16: **Peace and Justice Strong Institutions**	Promote peaceful and inclusive societies for sustainable development, provide access to justice for all, and build effective, accountable, and inclusive institutions at all levels

Partnership – SDGs

Achieving the SDGs requires collaboration at all levels – individuals, governments, civil society, and businesses. This pillar calls for multi-stakeholder partnerships, knowledge sharing, and technology transfer to ensure no one is left behind.

Goals	Target
GOAL 17: **Partnerships to achieve the Goal**	Strengthen the means of implementation and revitalize the global partnership for sustainable development.

1.3.3. The 17 SDG and Targets

The Sustainable Development Goals (SDGs), also known as the Global Goals, were adopted by the United Nations in 2015 as a universal call to action to end poverty, protect the planet, and ensure that by 2030 all people enjoy peace and prosperity. The 17 SDGs are integrated—they recognize that action in one area will affect outcomes in others, and that development must balance social, economic and environmental sustainability.

Goal 1 – No Poverty	Targets to achieve the Goal
Eradicating extreme poverty for all people everywhere by 2030 is a pivotal goal of the 2030 Agenda for Sustainable Development.	1.1 By 2030, eradicate extreme poverty for all people everywhere, currently measured as people living on less than \$2.15 a day.
Extreme poverty, defined as surviving on less than \$2.15 per person per day at 2017 purchasing power parity, has witnessed remarkable declines over recent decades.	1.2 By 2030, reduce at least by half the proportion of men, women and children of all ages living in poverty in all its dimensions according to national definitions.

Goal 1 – No Poverty	Targets to achieve the Goal
However, the emergence of COVID-19 marked a turning point, reversing these gains as the number of individuals living in extreme poverty increased for the first time in a generation by almost 90 million over previous predictions. Poverty has many dimensions, but its causes include unemployment, social exclusion, and high vulnerability of certain populations to disasters, diseases and other phenomena which prevent them from being productive.	1.3 Implement nationally appropriate social protection systems and measures for all, including floors, and by 2030 achieve substantial coverage of the poor and the vulnerable 1.4 By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including microfinance. 1.5 By 2030, build the resilience of the poor and those in vulnerable situations and reduce their exposure and vulnerability to climate-related extreme events and other economic, social and environmental shocks and disasters. 1.A Ensure significant mobilization of resources from a variety of sources, including through enhanced development cooperation, in order to provide adequate and predictable means for developing countries, in particular least developed countries, to implement programmes and policies to end poverty in all its dimensions. 1.B Create sound policy frameworks at the national, regional and international levels, based on pro-poor and gender-sensitive development strategies, to support accelerated investment in poverty eradication actions.
Source: https://www.un.org/sustainabledevelopment/poverty/	
Goal 2 – Zero Hunger	**Targets to achieve the Goal**
Goal 2 is about creating a world free of hunger by 2030. The global issue of hunger and food insecurity has shown an alarming increase since 2015, a trend exacerbated by a combination of factors including the pandemic, conflict, climate change, and deepening inequalities.	2.1 By 2030, end hunger and ensure access by all people, in particular the poor and people in vulnerable situations, including infants, to safe, nutritious and sufficient food all year round. 2.2 By 2030, end all forms of malnutrition, including achieving, by 2025, the

Goal 2 – Zero Hunger	Targets to achieve the Goal
By 2022, approximately 735 million people – or 9.2% of the world's population – found themselves in a state of chronic hunger – a staggering rise compared to 2019. This data underscores the severity of the situation, revealing a growing crisis. In addition, an estimated 2.4 billion people faced moderate to severe food insecurity in 2022. This classification signifies their lack of access to sufficient nourishment. This number escalated by an alarming 391 million people compared to 2019. The persistent surge in hunger and food insecurity, fueled by a complex interplay of factors, demands immediate attention and coordinated global efforts to alleviate this critical humanitarian challenge. Extreme hunger and malnutrition remain a barrier to sustainable development and create a trap from which people cannot easily escape. Hunger and malnutrition mean less productive individuals, who are more prone to disease and thus often unable to earn more and improve their livelihoods. 2 billion people in the world do not have regular access to safe, nutritious and sufficient food. In 2022, 148 million children had stunted growth and 45 million children under the age of 5 were affected by wasting.	internationally agreed targets on stunting and wasting in children under 5 years of age, and address the nutritional needs of adolescent girls, pregnant and lactating women and older persons. 2.3 By 2030, double the agricultural productivity and incomes of small-scale food producers, in particular women, indigenous peoples, family farmers, pastoralists and fishers, including through secure and equal access to land, other productive resources and inputs, knowledge, financial services, markets and opportunities for value addition and non-farm employment. 2.4 By 2030, ensure sustainable food production systems and implement resilient agricultural practices that increase productivity and production, that help maintain ecosystems, that strengthen capacity for adaptation to climate change, extreme weather, drought, flooding and other disasters and that progressively improve land and soil quality. 2.5 By 2020, maintain the genetic diversity of seeds, cultivated plants and farmed and domesticated animals and their related wild species, including through soundly managed and diversified seed and plant banks at the national, regional and international levels, and promote access to and fair and equitable sharing of benefits arising from the utilization of genetic resources and associated traditional knowledge, as internationally agreed. 2.A Increase investment, including through enhanced international cooperation, in rural infrastructure, agricultural research and extension services, technology development and plant and livestock gene banks in order to enhance agricultural productive capacity in developing countries, in particular least developed countries.

Goal 2 – Zero Hunger	Targets to achieve the Goal
	2.B Correct and prevent trade restrictions and distortions in world agricultural markets, including through the parallel elimination of all forms of agricultural export subsidies and all export measures with equivalent effect, in accordance with the mandate of the Doha Development Round. 2.C Adopt measures to ensure the proper functioning of food commodity markets and their derivatives and facilitate timely access to market information, including on food reserves, in order to help limit extreme food price volatility.

Source: https://www.un.org/sustainabledevelopment/hunger/

Goal 3 – Good Health and Well being	Targets to achieve the Goal
Great strides have been made in improving people's health in recent years. 146 out of 200 countries or areas have already met or are on track to meet the SDG target on under-5 mortality. Effective HIV treatment has cut global AIDS-related deaths by 52 per cent since 2010 and at least one neglected tropical disease has been eliminated in 47 countries. However, inequalities in health care access still persist. The COVID-19 pandemic and other ongoing crises have impeded progress towards Goal 3. Childhood vaccinations have experienced the largest decline in three decades, and tuberculosis and malaria deaths have increased compared with pre-pandemic levels. The Sustainable Development Goals make a bold commitment to end the epidemics of AIDS, tuberculosis, malaria and other communicable diseases by 2030.	3.1 By 2030, reduce the global maternal mortality ratio to less than 70 per 100,000 live births. 3.2 By 2030, end preventable deaths of newborns and children under 5 years of age, with all countries aiming to reduce neonatal mortality to at least as low as 12 per 1,000 live births and under-5 mortality to at least as low as 25 per 1,000 live births. 3.3 By 2030, end the epidemics of AIDS, tuberculosis, malaria and neglected tropical diseases and combat hepatitis, water-borne diseases and other communicable diseases. 3.4 By 2030, reduce by one third premature mortality from non-communicable diseases through prevention and treatment and promote mental health and well-being. 3.5 Strengthen the prevention and treatment of substance abuse, including narcotic drug abuse and harmful use of alcohol. 3.6 By 2020, halve the number of global deaths and injuries from road traffic accidents.

Goal 3 – Good Health and Well being	Targets to achieve the Goal
The aim is to achieve universal health coverage and provide access to safe and affordable medicines and vaccines for all. To overcome these setbacks and address long-standing health care shortcomings, increased investment in health systems is needed to support countries in their recovery and build resilience against future health threats.	3.7 By 2030, ensure universal access to sexual and reproductive health-care services, including for family planning, information and education, and the integration of reproductive health into national strategies and programmes. 3.8 Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all. 3.9 By 2030, substantially reduce the number of deaths and illnesses from hazardous chemicals and air, water and soil pollution and contamination. 3.A Strengthen the implementation of the World Health Organization Framework Convention on Tobacco Control in all countries, as appropriate. 3.B Support the research and development of vaccines and medicines for the communicable and noncommunicable diseases that primarily affect developing countries, provide access to affordable essential medicines and vaccines, in accordance with the Doha Declaration on the TRIPS Agreement and Public Health, which affirms the right of developing countries to use to the full the provisions in the Agreement on Trade Related Aspects of Intellectual Property Rights regarding flexibilities to protect public health, and, in particular, provide access to medicines for all. 3.C Substantially increase health financing and the recruitment, development, training and retention of the health workforce in developing countries, especially in least developed countries and small island developing States. 3.D Strengthen the capacity of all countries, in particular developing countries, for early warning, risk reduction and management of national and global health risks.
Source: https://www.un.org/sustainabledevelopment/health/	

Goal 4 – Quality Education	Targets to achieve the Goal
Progress towards quality education was already slower than required before the pandemic, but COVID-19 has had devastating impacts on education, causing learning losses in four out of five of the 104 countries studied. Without additional measures, an estimated 84 million children and young people will stay out of school by 2030 and approximately 300 million students will lack the basic numeracy and literacy skills necessary for success in life. In addition to free primary and secondary schooling for all boys and girls by 2030, the aim is to provide equal access to affordable vocational training, eliminate gender and wealth disparities, and achieve universal access to quality higher education. Education is the key that will allow many other Sustainable Development Goals (SDGs) to be achieved. When people are able to get quality education they can break from the cycle of poverty. Education helps to reduce inequalities and to reach gender equality. It also empowers people everywhere to live more healthy and sustainable lives. Education is also crucial to fostering tolerance between people and contributes to more peaceful societies. To deliver on Goal 4, education financing must become a national investment priority. Furthermore, measures such as making education free and compulsory, increasing the number of teachers, improving basic school infrastructure and embracing digital transformation are essential.	4.1 By 2030, ensure that all girls and boys complete free, equitable and quality primary and secondary education leading to relevant and Goal-4 effective learning outcomes. 4.2 By 2030, ensure that all girls and boys have access to quality early childhood development, care and preprimary education so that they are ready for primary education. 4.3 By 2030, ensure equal access for all women and men to affordable and quality technical, vocational and tertiary education, including university. 4.4 By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship. 4.5 By 2030, eliminate gender disparities in education and ensure equal access to all levels of education and vocational training for the vulnerable, including persons with disabilities, indigenous peoples and children in vulnerable situations. 4.6 By 2030, ensure that all youth and a substantial proportion of adults, both men and women, achieve literacy and numeracy. 4.7 By 2030, ensure that all learners acquire the knowledge and skills needed to promote sustainable development, including, among others, through education for sustainable development and sustainable lifestyles, human rights, gender equality, promotion of a culture of peace and non-violence, global citizenship and appreciation of cultural diversity and of culture's contribution to sustainable development. 4.A Build and upgrade education facilities that are child, disability and gender sensitive and provide safe, nonviolent, inclusive and effective learning environments for all.

Goal 4 – Quality Education	Targets to achieve the Goal
	4.B By 2020, substantially expand globally the number of scholarships available to developing countries, in particular least developed countries, small island developing States and African countries, for enrolment in higher education, including vocational training and information and communications technology, technical, engineering and scientific programmes, in developed countries and other developing countries. 4.C By 2030, substantially increase the supply of qualified teachers, including through international cooperation for teacher training in developing countries, especially least developed countries and small island developing states
Source: https://www.un.org/sustainabledevelopment/education/	
Goal 5 – Gender Equality	**Targets to achieve the Goal**
Gender equality is not only a fundamental human right, but a necessary foundation for a peaceful, prosperous and sustainable world. There has been progress over the last decades, but the world is not on track to achieve gender equality by 2030. Women and girls represent half of the world's population and therefore also half of its potential. But gender inequality persists everywhere and stagnates social progress. On average, women in the labor market still earn 23 percent less than men globally and women spend about three times as many hours in unpaid domestic and care work as men. Sexual violence and exploitation, the unequal division of unpaid care and domestic work, and discrimination in public office, all remain huge barriers.	5.1 End all forms of discrimination against all women and girls everywhere. 5.2 Eliminate all forms of violence against all women and girls in the public and private spheres, including trafficking and sexual and other types of exploitation. 5.3 Eliminate all harmful practices, such as child, early and forced marriage and female genital mutilation. 5.4 Recognize and value unpaid care and domestic work through the provision of public services, infrastructure and social protection policies and the promotion of shared responsibility within the household and the family as nationally appropriate. 5.5 Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision making in political, economic and public life.

Goal 5 – Gender Equality	Targets to achieve the Goal
All these areas of inequality have been exacerbated by the COVID-19 pandemic: there has been a surge in reports of sexual violence, women have taken on more care work due to school closures, and 70% of health and social workers globally are women. At the current rate, it will take an estimated 300 years to end child marriage, 286 years to close gaps in legal protection and remove discriminatory laws, 140 years for women to be represented equally in positions of power and leadership in the workplace, and 47 years to achieve equal representation in national parliaments. Political leadership, investments and comprehensive policy reforms are needed to dismantle systemic barriers to achieving Goal 5 Gender equality is a cross-cutting objective and must be a key focus of national policies, budgets and institutions.	5.6 Ensure universal access to sexual and reproductive health and reproductive rights as agreed in accordance with the Programme of Action of the International Conference on Population and Development and the Beijing Platform for Action and the outcome documents of their review conferences. 5.A Undertake reforms to give women equal rights to economic resources, as well as access to ownership and control over land and other forms of property, financial services, inheritance and natural resources, in accordance with national laws. 5.B Enhance the use of enabling technology, in particular information and communications technology, to promote the empowerment of women. 5.C Adopt and strengthen sound policies and enforceable legislation for the promotion of gender equality and the empowerment of all women and girls at all levels.
Source: https://www.un.org/sustainabledevelopment/gender-equality/	
Goal 6 – Clean Water and Sanitation	**Targets to achieve the Goal**
Access to safe water, sanitation and hygiene is the most basic human need for health and well-being. Billions of people will lack access to these basic services in 2030 unless progress quadruples. Demand for water is rising owing to rapid population growth, urbanization and increasing water needs from agriculture, industry, and energy sectors. The demand for water has outpaced population growth, and half the world's population is already experiencing severe water scarcity at least one month a year.	6.1 By 2030, achieve universal and equitable access to safe and affordable drinking water for all. 6.2 By 2030, achieve access to adequate and equitable sanitation and hygiene for all and end open defecation, paying special attention to the needs of women and girls and those in vulnerable situations. 6.3 By 2030, improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally.

Goal 6 – Clean Water and Sanitation	Targets to achieve the Goal
Water scarcity is projected to increase with the rise of global temperatures as a result of climate change. Investments in infrastructure and sanitation facilities; protection and restoration of water- related ecosystems; and hygiene education are among the steps necessary to ensure universal access to safe and affordable drinking water for all by 2030, and improving water-use efficiency is one key to reducing water stress. There has been positive progress. Between 2015 and 2022, the proportion of the world's population with access to safely managed drinking water increased from 69 per cent to 73 per cent.	6.4 By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity. 6.5 By 2030, implement integrated water resources management at all levels, including through transboundary cooperation as appropriate. 6.6 By 2020, protect and restore water-related ecosystems, including mountains, forests, wetlands, rivers, aquifers and lakes. 6.A By 2030, expand international cooperation and capacity-building support to developing countries in water- and sanitation-related activities and programmes, including water harvesting, desalination, water efficiency, wastewater treatment, recycling and reuse technologies. 6.B Support and strengthen the participation of local communities in improving water and sanitation management
Source: https://www.un.org/sustainabledevelopment/water-and-sanitation/	

Goal 7 – Affordable and Clean Energy	Targets to achieve the Goal
Goal 7 is about ensuring access to clean and affordable energy, which is key to the development of agriculture, business, communications, education, healthcare and transportation. The world continues to advance towards sustainable energy targets – but not fast enough. At the current pace, about 660 million people will still lack access to electricity and close to 2 billion people will still rely on polluting fuels and technologies for cooking by 2030. Our everyday life depends on reliable and affordable energy. And yet the consumption of energy is the dominant contributor to climate change, accounting for around 60 percent of total global greenhouse gas emissions. From 2015 to 2021, the proportion of the global population with access to electricity has increased from 87 per cent to 91 per cent. Ensuring universal access to affordable electricity by 2030 means investing in clean energy sources such as solar, wind and thermal. Expanding infrastructure and upgrading technology to provide clean energy in all developing countries is a crucial goal that can both encourage growth and help the environment.	7.1 By 2030, ensure universal access to affordable, reliable and modern energy services. 7.2 By 2030, increase substantially the share of renewable energy in the global energy mix. 7.3 By 2030, double the global rate of improvement in energy efficiency. 7.A By 2030, enhance international cooperation to facilitate access to clean energy research and technology, including renewable energy, energy efficiency and advanced and cleaner fossil-fuel technology, and promote investment in energy infrastructure and clean energy technology. 7.B By 2030, expand infrastructure and upgrade technology for supplying modern and sustainable energy services for all in developing countries, in particular least developed countries, small island developing States, and land-locked developing countries, in accordance with their respective programmes of support.
Source: https://www.un.org/sustainabledevelopment/energy/	

Goal 8 - Decent Work and Economic Growth	Targets to achieve the Goal
Goal 8 is about promoting inclusive and sustainable economic growth, employment and decent work for all. Multiple crises are placing the global economy under serious threat. Global real GDP per capita growth is forecast to slow down in 2023 and with ever increasing challenging economic conditions, more workers are turning to informal employment. Globally, labour productivity has increased, and the unemployment rate has decreased. However, more progress is needed to increase employment opportunities, especially for young people, reduce informal employment and labour market inequality (particularly in terms of the gender pay gap), promote safe and secure working environments, and improve access to financial services to ensure sustained and inclusive economic growth. The global unemployment rate declined significantly in 2022, falling to 5.4 per cent from a peak of 6.6 per cent in 2020 as economies began recovering from the shock of the COVID-19 pandemic. This rate was lower than the pre-pandemic level of 5.5 per cent in 2019.	8.1 Sustain per capita economic growth in accordance with national circumstances and, in particular, at least 7 per cent gross domestic product growth per annum in the least developed countries. 8.2 Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high value added and labour-intensive sectors. 8.3 Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services. 8.4 Improve progressively, through 2030, global resource efficiency in consumption and production and endeavour to decouple economic growth from environmental degradation, in accordance with the 10-year framework of programmes on sustainable consumption and production, with developed countries taking the lead. 8.5 By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value. 8.6 By 2020, substantially reduce the proportion of youth not in employment, education or training.

Goal 8 - Decent Work and Economic Growth	Targets to achieve the Goal
	8.7 Take immediate and effective measures to eradicate forced labour, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labour, including recruitment and use of child soldiers, and by 2025 end child labour in all its forms. 8.8 Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment. 8.9 By 2030, devise and implement policies to promote sustainable tourism that creates jobs and promotes local culture and products. 8.10 Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all. 8.A Increase Aid for Trade support for developing countries, in particular least developed countries, including through the Enhanced Integrated Framework for Trade-Related Technical Assistance to Least Developed Countries 8.B By 2020, develop and operationalize a global strategy for youth employment and implement the Global Jobs Pact of the International Labour Organization
Source: https://www.un.org/sustainabledevelopment/economic-growth/	

Goal 9 – Industry, Innovation and Infrastructure	Targets to achieve the Goal
Goal 9 seeks to build resilient infrastructure, promote sustainable industrialization and foster innovation. Economic growth, social development and climate action are heavily dependent on investments in infrastructure, sustainable industrial development and technological progress. In the face of a rapidly changing global economic landscape and increasing inequalities, sustained growth must include industrialization that first of all, makes opportunities accessible to all people, and second, is supported by innovation and resilient infrastructure. Even before the outbreak of the COVID-19 pandemic, global manufacturing–considered an engine of overall economic growth – has been steadily declining due to tariffs and trade tensions. The manufacturing decline caused by the pandemic has further caused serious impacts on the global economy. This is primarily due to high inflation, energy price shocks, persistent disruptions in the supply of raw materials and intermediate goods, and global economic deceleration. While LDCs in Asia have made considerable progress, African LDCs would need to change the current trajectory and accelerate progress significantly to attain the target by 2030. However, medium-high and high-technology industries demonstrated robust growth rates.	9.1 Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all. 9.2 Promote inclusive and sustainable industrialization and, by 2030, significantly raise industry's share of employment and gross domestic product, in line with national circumstances, and double its share in least developed countries. 9.3 Increase the access of small-scale industrial and other enterprises, in particular in developing countries, to financial services, including affordable credit, and their integration into value chains and markets. 9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities. 9.5 Enhance scientific research, upgrade the technological capabilities of industrial sectors in all countries, in particular developing countries, including, by 2030, encouraging innovation and substantially increasing the number of research and development workers per 1 million people and public and private research and development spending.

Goal 9 – Industry, Innovation and Infrastructure	Targets to achieve the Goal
	9.A Facilitate sustainable and resilient infrastructure development in developing countries through enhanced financial, technological and technical support to African countries, least developed countries, landlocked developing countries and small island developing States 18 9.B Support domestic technology development, research and innovation in developing countries, including by ensuring a conducive policy environment for, inter alia, industrial diversification and value addition to commodities. 9.C Significantly increase access to information and communications technology and strive to provide universal and affordable access to the Internet in least developed countries by 2020
Source: https://www.un.org/sustainabledevelopment/infrastructure-industrialization/	
Goal 10 - Reduced Inequalities	**Targets to achieve the Goal**
Inequality threatens long-term social and economic development, harms poverty reduction and destroys people's sense of fulfillment and self-worth. The incomes of the poorest 40 per cent of the population had been growing faster than the national average in most countries. But emerging yet inconclusive evidence suggests that COVID-19 may have put a dent in this positive trend of falling within-country inequality. The pandemic has caused the largest rise in between-country inequality in three decades.	10.1 By 2030, progressively achieve and sustain income growth of the bottom 40 per cent of the population at a rate higher than the national average. 10.2 By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status. 10.3 Ensure equal opportunity and reduce inequalities of outcome, including by eliminating discriminatory laws, policies and practices and promoting appropriate legislation, policies and action in this regard.

Goal 10 - Reduced Inequalities	Targets to achieve the Goal
Reducing both within- and between-country inequality requires equitable resource distribution, investing in education and skills development, implementing social protection measures, combating discrimination, supporting marginalized groups and fostering international cooperation for fair trade and financial systems.	10.4 Adopt policies, especially fiscal, wage and social protection policies, and progressively achieve greater equality. 10.5 Improve the regulation and monitoring of global financial markets and institutions and strengthen the implementation of such regulations. 10.6 Ensure enhanced representation and voice for developing countries in decision-making in global international economic and financial institutions in order to deliver more effective, credible, accountable and legitimate institutions. 10.7 Facilitate orderly, safe, regular and responsible migration and mobility of people, including through the implementation of planned and well-managed migration policies. 10.A Implement the principle of special and differential treatment for developing countries, in particular least developed countries, in accordance with World Trade Organization agreements. 10.B Encourage official development assistance and financial flows, including foreign direct investment, to States where the need is greatest, in particular least developed countries, African countries, small island developing States and landlocked developing countries, in accordance with their national plans and programmes. 10.C By 2030, reduce to less than 3 per cent the transaction costs of migrant remittances and eliminate remittance corridors with costs higher than 5 per cent.
Source: https://www.un.org/sustainabledevelopment/inequality/	

Goal 11 – Sustainable Cities and Communities	Targets to achieve the Goal
Goal 11 is about making cities and human settlements inclusive, safe, resilient and sustainable. Cities represent the future of global living. The world's population reached 8 billion on 2022 over half living in urban areas. This figure is only expected to rise, with 70 per cent of people expected to live in cities by 2050. Approximately 1.1 billion people currently live in slums or slum-like conditions in cities, with 2 billion more expected in the next 30 years. However, many of these cities are not ready for this rapid urbanisation, and it outpaces the development of housing, infrastructure and services, which led to a rise in slums or slum-like conditions. Urban sprawl, air pollution and limited open public spaces persist in cities. Good progress has been made since the implementation of the SDGs in 2015, and now the number of countries with national and local disaster risk reduction strategies has doubled. But issues still remain and in 2022, only half of the urban population had convenient access to public transport. Sustainable development cannot be achieved without significantly transforming the way urban spaces are built and managed.	11.1 By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums. 11.2 By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons. 11.3 By 2030, enhance inclusive and sustainable urbanization and capacity for participatory, integrated and sustainable human settlement planning and management in all countries. 11.4 Strengthen efforts to protect and safeguard the world's cultural and natural heritage. 11.5 By 2030, significantly reduce the number of deaths and the number of people affected and substantially decrease the direct economic losses relative to global gross domestic product caused by disasters, including water-related disasters, with a focus on protecting the poor and people in vulnerable situations. 11.6 By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management. 11.7 By 2030, provide universal access to safe, inclusive and accessible, green and public spaces, in particular for women and children, older persons and persons with disabilities.

Goal 11 – Sustainable Cities and Communities	Targets to achieve the Goal
	11.A Support positive economic, social and environmental links between urban, peri-urban and rural areas by strengthening national and regional development planning. 11.B By 2020, substantially increase the number of cities and human settlements adopting and implementing integrated policies and plans towards inclusion, resource efficiency, mitigation and adaptation to climate change, resilience to disasters, and develop and implement, in line with the Sendai Framework for Disaster Risk Reduction 2015-2030, holistic disaster risk management at all levels. 11.C Support least developed countries, including through financial and technical assistance, in building sustainable and resilient buildings utilizing local materials
Source: https://www.un.org/sustainabledevelopment/cities/	

Goal 12- Responsible Consumption and Production	Targets to achieve the Goal
Goal 12 is about ensuring sustainable consumption and production patterns, which is key to sustain the livelihoods of current and future generations. Our planet is running out of resources, but populations are continuing to grow. If the global population reaches 9.8 billion by 2050, the equivalent of almost three planets will be required to provide the natural resources needed to sustain current lifestyles. We need to change our consumption habits, and shifting our energy supplies to more sustainable ones are one of the main changes we must make if we are going to reduce our consumption levels. However, global crises triggered a resurgence in fossil fuel subsidies, nearly doubling from 2020 to 2021.	12.1 Implement the 10-year framework of programmes on sustainable consumption and production, all countries taking action, with developed countries taking the lead, taking into account the development and capabilities of developing countries. 12.2 By 2030, achieve the sustainable management and efficient use of natural resources. 12.3 By 2030, halve per capita global food waste at the retail and consumer levels and reduce food losses along production and supply chains, including post-harvest losses. 12.4 By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international

Goal 12- Responsible Consumption and Production	Targets to achieve the Goal
We are seeing promising changes in industries, including the trend towards sustainability reporting being on the rise, almost tripling the amount of published sustainability over just a few years, showing increased levels of commitment and awareness that sustainability should be at the core of business practices. Food waste is another sign of over consumption, and tackling food loss is urgent and requires dedicated policies, informed by data, as well as investments in technologies, infrastructure, education and monitoring. A staggering 931 million tons of food is wasted a year, despite a huge number of the global population going hungry.	frameworks, and significantly reduce their release to air, water and soil in order to minimize their adverse impacts on human health and the environment. 12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse. 12.6 Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle. 12.7 Promote public procurement practices that are sustainable, in accordance with national policies and priorities. 12.8 By 2030, ensure that people everywhere have the relevant information and awareness for sustainable development and lifestyles in harmony with nature. 12.A Support developing countries to strengthen their scientific and technological capacity to move towards more sustainable patterns of consumption and production. 12.B Develop and implement tools to monitor sustainable development impacts for sustainable tourism that creates jobs and promotes local culture and products. 12.C Rationalize inefficient fossil-fuel subsidies that encourage wasteful consumption by removing market distortions, in accordance with

Goal 12- Responsible Consumption and Production	Targets to achieve the Goal
	those harmful subsidies, where they exist, to reflect their environmental impacts, taking fully into account the specific needs and conditions of developing countries and minimizing the possible adverse impacts on their development in a manner that protects the poor and the affected communities.
Source: https://www.un.org/sustainabledevelopment/sustainable-consumption-production/	

Goal 13 - Climate Action	Targets to achieve the Goal
Climate change is caused by human activities and threatens life on earth as we know it. With rising greenhouse gas emissions, climate change is occurring at rates much faster than anticipated. Its impacts can be devastating and include extreme and changing weather patterns and rising sea levels. If left unchecked, climate change will undo a lot of the development progress made over the past years. It will also provoke mass migrations that will lead to instability and wars. To limit global warming to 1.5°C above pre-industrial levels, emissions must already be decreasing and need to be cut by almost half by 2030, just seven years away. But we are drastically off track from this target. Urgent and transformative going beyond mere plans and promises are crucial. It requires raising ambition, covering entire economies and moving towards climate-resilient development, while outlining a clear path to achieve net-zero emissions. Immediate measures are necessary to avoid catastrophic consequences and secure a sustainable future for generations to come.	13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries. 13.2 Integrate climate change measures into national policies, strategies and planning. 13.3 Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning. 13.A Implement the commitment undertaken by developed-country parties to the United Nations Framework Convention on Climate Change to a goal of mobilizing jointly $100 billion annually by 2020 from all sources to address the needs of developing countries in the context of meaningful mitigation actions and transparency on implementation and fully operationalize the Green Climate Fund through its capitalization as soon as possible. 13.B Promote mechanisms for raising capacity for effective climate change-related planning and management in least developed countries and small island developing States, including focusing on women, youth and local and marginalized communities.

Goal 13 - Climate Action	Targets to achieve the Goal
	**Acknowledging that the United Nations Framework Convention on Climate Change is the primary international, intergovernmental forum for negotiating the global response to climate change.*
Source: https://www.un.org/sustainabledevelopment/climate-change/	
Goal 14 – Life Below Water	**Targets to achieve the Goal**
Goal 14 is about conserving and sustainably using the oceans, seas and marine resources. Healthy oceans and seas are essential to human existence and life on Earth. The Ocean is intrinsic to our life on earth. Covering three-quarters of the Earth's surface, contain 97 percent of the Earth's water, and represent 99 percent of the living space on the planet by volume. They provide key natural resources including food, medicines, biofuels and other products; help with the breakdown and removal of waste and pollution; and their coastal ecosystems act as buffers to reduce damage from storms. They also act as the planet's greatest carbon sink. Worryingly, marine pollution is reaching extreme levels, with over 17 million metric tons clogging the ocean in 2021, a figure set to double or triple by 2040. Plastic is the most harmful type of ocean pollution. Currently, the ocean's average pH is 8.1 which is about 30 per cent more acidic than in pre- industrial times. Ocean acidification threatens the survival of marine life, disrupts the food web, and undermines vital services provided by the ocean and our own food security. Careful management of this essential global resource is a key feature of a sustainable future. This includes increasing funding for ocean science, intensifying conservation efforts, and urgently turning the tide on climate change to safeguard the planet's largest ecosystem. Current efforts to protect are not yet meeting the urgent need to safeguard this vast, yet fragile, resource.	14.1 By 2025, prevent and significantly reduce marine pollution of all kinds, in particular from land-based activities, including marine debris and nutrient pollution. 14.2 By 2020, sustainably manage and protect marine and coastal ecosystems to avoid significant adverse impacts, including by strengthening their resilience, and take action for their restoration in order to achieve healthy and productive oceans. 14.3 Minimize and address the impacts of ocean acidification, including through enhanced scientific cooperation at all levels. 14.4 By 2020, effectively regulate harvesting and end overfishing, illegal, unreported and unregulated fishing and destructive fishing practices and implement science-based management plans, in order to restore fish stocks in the shortest time feasible, at least to levels that can produce maximum sustainable yield as determined by their biological characteristics. 14.5 By 2020, conserve at least 10 per cent of coastal and marine areas, consistent with national and international law and based on the best available scientific information. 14.6 By 2020, prohibit certain forms of fisheries subsidies which contribute to overcapacity and overfishing, eliminate subsidies that contribute to illegal, unreported and unregulated fishing and refrain from introducing new such subsidies, recognizing that

Goal 14 – Life Below Water	Targets to achieve the Goal
	appropriate and effective special and differential treatment for developing and least developed countries should be an integral part of the World Trade Organization fisheries subsidies negotiation. 14.7 By 2030, increase the economic benefits to Small Island developing States and least developed countries from the sustainable use of marine resources, including through sustainable management of fisheries, aquaculture and tourism. 14.A Increase scientific knowledge, develop research capacity and transfer marine technology, taking into account the Intergovernmental Oceanographic Commission Criteria and Guidelines on the Transfer of Marine Technology, in order to improve ocean health and to enhance the contribution of marine biodiversity to the development of developing countries, in particular small island developing States and least developed countries. 14.B Provide access for small-scale artisanal fishers to marine resources and markets. 14.C Enhance the conservation and sustainable use of oceans and their resources by implementing international law as reflected in UNCLOS, which provides the legal framework for the conservation and sustainable use of oceans and their resources, as recalled in paragraph 158 of The Future We Want.
Source: https://www.un.org/sustainabledevelopment/oceans/	

Goal 15 – Life on Land	Targets to achieve the Goal
Goal 15 is about conserving life on land. It is to protect and restore terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and stop biodiversity loss. Earth's ecosystems are vital for sustaining human life, they contribute to over half of global GDP and encompass diverse cultural, spiritual, and economic values. However, the world is facing a triple crisis of climate change, pollution and biodiversity loss. Between 2015 and 2019, at least 100 million hectares of healthy and productive land were degraded every year, impacting the lives of 1.3 billion people. Agricultural expansion is the direct driver of almost 90 per cent of deforestation. This is in direct relation to our food systems, and oil palm harvesting accounted for 7 per cent of global deforestation from 2000 to 2018. Global and regional efforts to sustain forest ecosystems as well as their social, economic and environmental functions are essential, in particular for developing countries and the tropics. We need to shift humanity's relationship with nature to achieve Goal 15 and realise that nature is the root of our life of earth. The recently adopted Kunming-Montreal Global Biodiversity Framework provides renewed impetus for Goal 15, outlining four outcome- oriented goals to be achieved by 2050 and 23 targets to be achieved by 2030.	15.1 By 2020, ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems and their services, in particular forests, wetlands, mountains and drylands, in line with obligations under international agreements. 15.2 By 2020, promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests and substantially increase afforestation and reforestation globally. 15.3 By 2030, combat desertification, restore degraded land and soil, including land affected by desertification, drought and floods, and strive to achieve a land degradation-neutral world. 15.4 By 2030, ensure the conservation of mountain ecosystems, including their biodiversity, in order to enhance their capacity to provide benefits that are essential for sustainable development. 15.5 Take urgent and significant action to reduce the degradation of natural habitats, halt the loss of biodiversity and, by 2020, protect and prevent the extinction of threatened species. 15.6 Promote fair and equitable sharing of the benefits arising from the utilization of genetic resources and promote appropriate access to such resources, as internationally agreed. 15.7 Take urgent action to end poaching and trafficking of protected species of flora and fauna and address both demand and supply of illegal wildlife products.

Goal 15 – Life on Land	Targets to achieve the Goal
	15.8 By 2020, introduce measures to prevent the introduction and significantly reduce the impact of invasive alien species on land and water ecosystems and control or eradicate the priority species. 15.9 By 2020, integrate ecosystem and biodiversity values into national and local planning, development processes, poverty reduction strategies and accounts. 15.A Mobilize and significantly increase financial resources from all sources to conserve and sustainably use biodiversity and ecosystems. 15.B Mobilize significant resources from all sources and at all levels to finance sustainable forest management and provide adequate incentives to developing countries to advance such management, including for conservation and reforestation. 15.C Enhance global support for efforts to combat poaching and trafficking of protected species, including by increasing the capacity of local communities to pursue sustainable livelihood opportunities.
Source: https://www.un.org/sustainabledevelopment/biodiversity/	
Goal 16 - Peace, Justice, and Strong Institutions	**Targets to achieve the Goal**
Goal 16 is about promoting peaceful and inclusive societies, providing access to justice for all and building effective, accountable, and inclusive institutions at all levels. People everywhere should be free of fear from all forms of violence and feel safe as they go about their lives whatever their ethnicity, faith, or sexual orientation.	16.1 Significantly reduce all forms of violence and related death rates everywhere. 16.2 End abuse, exploitation, trafficking and all forms of violence against and torture of children. 16.3 Promote the rule of law at the national and international levels and ensure equal access to justice for all.

Goal 16 - Peace, Justice, and Strong Institutions	Targets to achieve the Goal
However, ongoing and new violent conflicts around the world are derailing the global path to peace and achievement of Goal 16. Alarmingly, the year 2022 witnessed a more than 50 per cent increase in conflict-related civilian deaths – the first since the adoption of Agenda 2030 – largely due to the war in Ukraine. High levels of armed violence and insecurity have a destructive impact on a country's development, while sexual violence, crime, exploitation and torture are prevalent where there is conflict or no rule of law, and countries must take measures to protect those who are most at risk. Governments, civil society and communities need to work together to find lasting solutions to conflict and insecurity. Strengthening the rule of law and promoting human rights is key to this process, as is reducing the flow of illicit arms, combating corruption, and ensuring inclusive participation at all times.	16.4 By 2030, significantly reduce illicit financial and arms flows, strengthen the recovery and return of stolen assets and combat all forms of organized crime. 16.5 Substantially reduce corruption and bribery in all their forms. 16.6 Develop effective, accountable and transparent institutions at all levels. 16.7 Ensure responsive, inclusive, participatory and representative decision-making at all levels. 16.8 Broaden and strengthen the participation of developing countries in the institutions of global governance. 16.9 By 2030, provide legal identity for all, including birth registration. 16.10 Ensure public access to information and protect fundamental freedoms, in accordance with national legislation and international agreements. 16.A Strengthen relevant national institutions, including through international cooperation, for building capacity at all levels, in particular in developing countries, to prevent violence and combat terrorism and crime. 16.B Promote and enforce non-discriminatory laws and policies for sustainable development.
Source: https://www.un.org/sustainabledevelopment/peace-justice/	

Goal 17 - Partnership for the Goals	Targets to achieve the Goal
Goal 17 is about revitalizing the global partnership for sustainable development. The 2030 Agenda is universal and calls for action by all countries – developed and developing – to ensure no one is left behind. It requires partnerships between governments, the private sector, and civil society. The Sustainable Development Goals can only be realized with a strong commitment to global partnership and cooperation to ensure no one is left behind in our journey to development. However, not all countries are setting off from the same start line, and low- and middle-income countries are facing a tidal wave of debt which they are treading water. Developing countries are grappling with an unprecedented rise in external debt levels following the COVID-19 pandemic, compounded by challenges such as record inflation, escalating interest rates, competing priorities and constrained fiscal capacity, underscoring the urgent need for debt relief and financial assistance. While official development assistance (ODA) flows continue to reach record peaks, the increase in 2022 is primarily attributed to spending on refugees in donor countries and aid to Ukraine. To be successful, everyone will need to mobilize both existing and additional resources, and developed countries will need to fulfill their official development assistance commitments.	**Finance** 17.1 Strengthen domestic resource mobilization, including through international support to developing countries, to improve domestic capacity for tax and other revenue collection. 17.2 Developed countries to implement fully their official development assistance commitments, including the commitment by many developed countries to achieve the target of 0.7 per cent of ODA/GNI to developing countries and 0.15 to 0.20 per cent of ODA/GNI to least developed countries ODA providers are encouraged to consider setting a target to provide at least 0.20 per cent of ODA/GNI to least developed countries. 17.3 Mobilize additional financial resources for developing countries from multiple sources. 17.4 Assist developing countries in attaining long-term debt sustainability through coordinated policies aimed at fostering debt financing, debt relief and debt restructuring, as appropriate, and address the external debt of highly indebted poor countries to reduce debt distress. 17.5 Adopt and implement investment promotion regimes for least developed countries. **Technology** 17.6 Enhance North-South, South-South and triangular regional and international cooperation on and access to science, technology and innovation and enhance knowledge sharing on mutually agreed terms, including through improved coordination among

Goal 17 - Partnership for the Goals	Targets to achieve the Goal
	existing mechanisms, in particular at the United Nations level, and through a global technology facilitation mechanism. 17.7 Promote the development, transfer, dissemination and diffusion of environmentally sound technologies to developing countries on favourable terms, including on concessional and preferential terms, as mutually agreed. 17.8 Fully operationalize the technology bank and science, technology and innovation capacity-building mechanism for least developed countries by 2017 and enhance the use of enabling technology, in particular information and communications technology. **Capacity building** 17.9 Enhance international support for implementing effective and targeted capacity-building in developing countries to support national plans to implement all the sustainable development goals, including through North-South, South-South and triangular cooperation. 17.10 Promote a universal, rules-based, open, non-discriminatory and equitable multilateral trading system under the World Trade Organization, including through the conclusion of negotiations under its Doha Development Agenda. **Trade** 17.11 Significantly increase the exports of developing countries, in particular with a view to doubling the least developed countries' share of global exports by 2020.

Goal 17 - Partnership for the Goals	Targets to achieve the Goal
	17.12 Realize timely implementation of duty-free and quota-free market access on a lasting basis for all least developed countries, consistent with World Trade Organization decisions, including by ensuring that preferential rules of origin applicable to imports from least developed countries are transparent and simple, and contribute to facilitating market access. **Systemic issues** *Policy and institutional coherence* 17.13 Enhance global macroeconomic stability, including through policy coordination and policy coherence. 17.14 Enhance policy coherence for sustainable development. 17.15 Respect each country's policy space and leadership to establish and implement policies for poverty eradication and sustainable development. *Multi-stakeholder partnerships* 17.16 Enhance the global partnership for sustainable development, complemented by multi-stakeholder partnerships that mobilize and share knowledge, expertise, technology and financial resources, to support the achievement of the sustainable development goals in all countries, in particular developing countries. 17.17 Encourage and promote effective public, public-private and civil society partnerships, building on the experience and resourcing strategies of partnerships. *Data, monitoring and accountability*

Goal 17 - Partnership for the Goals	Targets to achieve the Goal
	17.18 By 2020, enhance capacity-building support to developing countries, including for least developed countries and small island developing States, to increase significantly the availability of high-quality, timely and reliable data disaggregated by income, gender, age, race, ethnicity, migratory status, disability, geographic location and other characteristics relevant in national contexts. 17.19 By 2030, build on existing initiatives to develop measurements of progress on sustainable development that complement gross domestic product, and support statistical capacity-building in developing countries.
Source: https://www.un.org/sustainabledevelopment/globalpartnerships/	

1.4 Need for Sustainability Reporting

1.4.1. Sustainability and ESG Reporting

Sustainability Reporting

As per the definition of the Global Reporting Initiative ("GRI") which is discussed later in the modules, "Sustainability Reporting is an overview of a company's economic, environmental, and social impacts, caused by its everyday activities". This is not merely presenting the data collected, but an approach to drive an organization's commitment to sustainability and demonstrate it to the interested parties in a transparent manner. It is intended to assist the organizations to assess measure, analyze and present their performance in economic, social, environmental, and governance parameters, with an objective of setting challenging targets and goals. In the current scenario, the major investing institutions across the world review the non-financial data in order to take decisions on investment in any new venture.

Traditionally, companies focused only on economic growth, believing it was separate from socio-environmental concerns. However, certain industries like chemicals and tobacco began publishing non-financial information earlier. The United Nations' 2004 report "Who Cares Wins" was a pivotal moment, bringing ESG (Environmental, Social, and Governance) issues into the mainstream agenda.

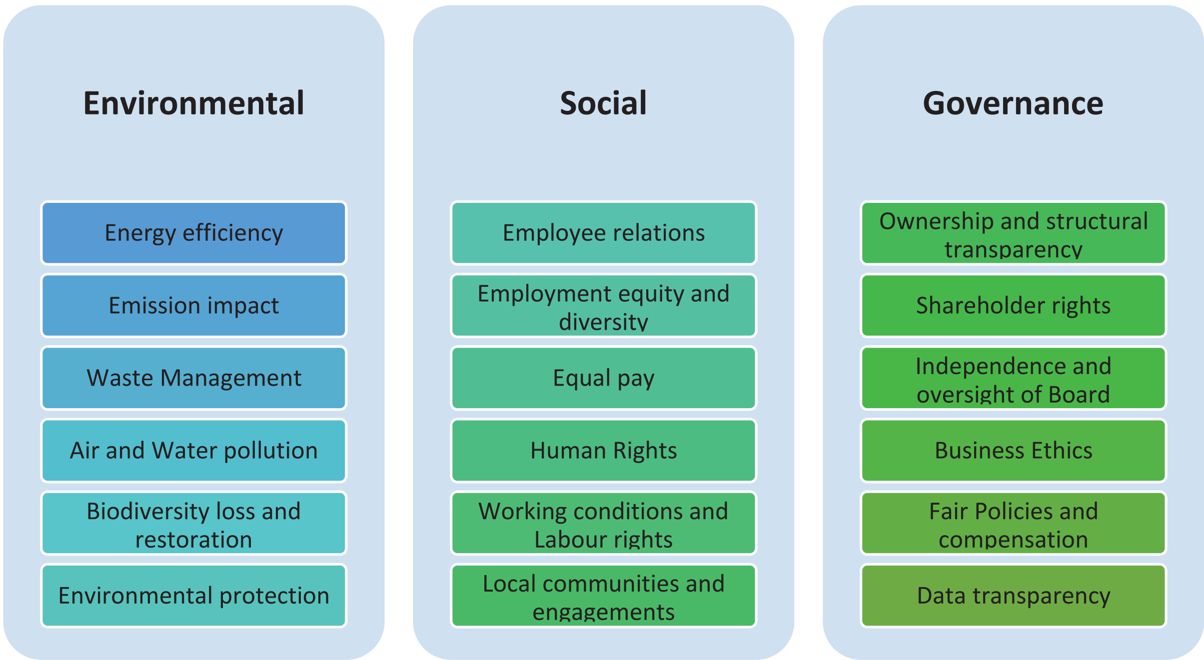
Need for Sustainability Reporting

The organizations now cannot make claims about their sustainable performance without providing credible and measurable information in a world of powerful social media that has the ability to verify or cross-check with little effort. Companies are now required to be more transparent about the risks and opportunities they come across considering the potential impacts on the environment and society from their existence.

Since 2020, there have been accelerating incentives from the United Nations (UN) to overlay ESG data with the Sustainable Development Goals (SDGs), based on their work, which began in the 1980s. In less than 20 years, the ESG movement has grown from a corporate social responsibility initiative launched by the United Nations into a global phenomenon.

The Organisation for Economic Co-operation and Development (OECD) suggests that companies showing sustainable performance on ESG criteria and communicating effectively about them seem to enjoy better financial performance. Three key trends are identified that will play an important role in shaping the future of the sustainability reporting landscape:

- consolidation among standard-setters
- regulation focused on ESG-related disclosures, and
- maturation of ESG data and disclosures within private markets.



International Sustainability Standards Board

The essence of ESG reporting is to disclose how companies are being socially and environmentally responsible, how they are managing climate related risks and reflecting themselves as better corporate citizens. This interest has led to the emergence of reference frameworks, guidelines, standards, and regulations in this area.

The International Sustainability Standards Board (ISSB) is a standard-setting body established in 2021–2022 under the International Financial Reporting Standards (IFRS) Foundation, whose mandate is the creation and development of sustainability-related financial reporting standards to meet investor's needs for sustainability reporting.

1.4.2 Purpose and objective of Sustainable reporting

The specific purpose and objectives for sustainability reporting varies across organizations, but in a broad sense, it intends to provide trust to the interested parties to a business, such as financial and capital providers, customers, regulatory bodies, vendors and subcontractors, employees, population affected by the operation of the organization, civil societies, and the general public. The objectives of sustainability reporting are placed below.

a. Customer Satisfaction and Retention:

People are more likely to purchase products and services from organisations that are perceived to be responsible for the prevention of pollution, conservation of natural resources, and give back to the community. Such goodwill and reputations are built by organisations through years of hard work in attracting and retaining customers, mainly the ones with conscious buying habits.

The Sustainability Report is one of the effective ways of demonstrating how the organisation is committed and sensitive to environmental and social issues. With more and more customers now caring about being environmentally and socially responsible, sustainable reports are very important in attracting them.

b. Gain a Competitive Advantage:

Being transparent about the operations, supply chain and sourcing can differentiate an organisation among the many companies offering similar products or services in today's competitive market. To propose uniqueness to the company's profile many organisations have set policies to select environmentally and socially responsible organisations as their supplier, subcontractor, or service provider.

An organisation with credible reporting about how sustainable they are will be able to attract investments from major players in the market. However, the effectiveness of sustainable reporting may vary based on the industry, market context, and the genuine integration of sustainability principles into a company's core operations.

c. Provides Accountability:

Setting the goals and targets shows the intentions of company's accountability for the promises related to the environment, society, and governance. The specific goals that are relevant to the organization's business with clear measurable indicators are much more likely to be achieved. This will be important when venturing out for financial assistance from banks and investors, technological tie-ups with other organisations, etc.

For Example: Task Force on Climate-related Financial Disclosures (TCFD) was created to improve and increase reporting of climate-related financial information.

d. Employee Satisfaction and Retention:

Employees take pride in working for environmentally and socially responsible companies than others that focus purely on economic growth. When the employees have confidence in their management, they will have higher levels of satisfaction and engagement with the work they perform. Moreover, they get a chance to play their part in sustainable initiatives, such as conserving power, water, or paper, and having their actions listed in the report provides them a feeling of belonging and participation.

The listings such as "companies that are good to work for" are being published by third-party assessment agencies as well. These higher levels of employee satisfaction can attract competent resources and retain existing resources.

e. Provide specific information instead of Greenwashing:

The organizations commonly use generic terms and labels to create a positive image and branding. The terms and labels such as "organic", "natural", or "eco-friendly" are widely used by the organizations and when not backed up, are considered as "Greenwashing". However, sustainability reports provide specific information with measurable indicators. For example, "The initiatives offset Greenhouse gas emission of 100,000 tons of Carbon dioxide every year" is more specific than "Eco-friendly".

Many big firms have faced the wrath of greenwashing. For instance, in 2020, H&M was fined in Germany for greenwashing after the company was found to have advertised certain products as "sustainable" without providing adequate evidence to support the claims. L'Oreal faced criticism and potential legal actions over claims that some of its skincare products were marketed as organic, despite containing synthetic chemicals.

f. Demonstrate Progress:

Sustainability reports generally make sustainable efforts tangible to the reader. It is a way to create the image by showcasing how the organization is progressing in various parameters and criteria. Such organizations always will command investor confidence. The interested parties will be able to review how the company has grown in previous periods and make a judgment as they often do with financial reports.

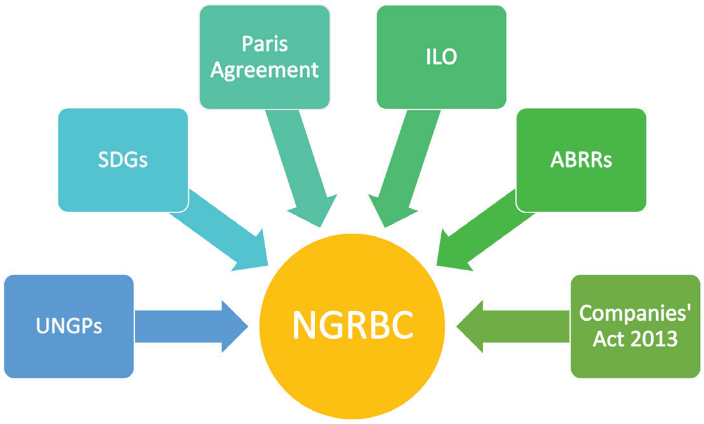
1.5 National Guidelines on Responsible Business Conduct (NGRBC)

1.5.1. Background to NGBRC

The understanding of NGBRC is relevant to appreciating the BRSR reporting framework and is hence discussed in this chapter. As international standards and frameworks, commitments and regulatory requirements in the country continued to evolve and became more comprehensive and required more transparency. MCA issued the 'National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business, 2011' (NVGs). In March 2019, the updated NVGs were released as the 'National Guidelines for Responsible Business Conduct' (NGRBCs).

The NGRBC has been designed to assist businesses in performing above and beyond the requirements of regulatory compliance. Overall, these guidelines provide a strategic framework for businesses to embrace responsible practices, contribute to environmental sustainability, and actively work towards achieving the UN SDGs, thereby making a positive impact on society and the world at large.

Key change drivers of the NGRBC



*UNGPs – UN Guiding Principles for Business and Human Rights

*SDGs – Sustainable Development Goals

*ILO – International Labor Organisation

*ABRRs – Annual Business Responsibility Report

1.5.2. Structure

The National Governance and Responsible Business Conduct (NGRBC) framework comprises two chapters and an expanded set of annexures.

- The first chapter serves as an introduction, providing context, background, and insight into the development of the NGRBC guidelines, along with the driving forces behind their formulation.
- The second chapter delves into the core elements and presents the nine principles of NGRBC.
- The annexures contain detailed and practical guidance for businesses, facilitating the adoption and implementation of these guidelines in their operations.

1.5.3. Content of NGRBC – 9 Principles & Core Elements

NGBRC identified 9 Principles across Environmental, Social, and Governance (ESG) indicators applicable to all businesses in India and across their global supply chains, thus, enabling the development of a holistic approach to ESG. The 9 principles of NGBRC are aligned to the 17 SDG's as under

	NGRBC Principle	SDG	
Principle 1	Businesses should conduct and govern themselves with integrity, and in a manner that is ethical, transparent, and accountable.	**Goal 16**	Peace, Justice and Strong Institutions
		Goal 17	Partnerships for the Goals
Principle 2	Businesses should provide goods and services in a manner that is sustainable and safe	**Goal 2**	Zero Hunger
		Goal 6	Clean Water and Sanitation
		Goal 7	Affordable and Clean Energy
		Goal 8	Decent Work and Economic Growth
		Goal 10	Reduced Inequalities
		Goal 12	Responsible Consumption and Production
		Goal 13	Climate Action
		Goal 14	Life Below Water
		Goal 15	Life on Land
Principle 3	Businesses should respect and promote the well-being of all employees, including those in their value chains	**Goal 1**	No Poverty
		Goal 3	Good Health and Well-being
		Goal 4	Quality Education
		Goal 5	Gender Equality
		Goal 8	Decent Work and Economic Growth
		Goal 9	Industry, Innovation and Infrastructure
		Goal 11	Sustainable Cities and Communities
		Goal 16	Peace, Justice and Strong Institutions

Principle 4	Businesses should respect the interests of and be responsive to all its stakeholders	**Goal 1** No Poverty **Goal 5** Gender Equality **Goal 9** Industry, Innovation and Infrastructure **Goal 11** Sustainable Cities and Communities **Goal 16** Peace, Justice and Strong Institutions
Principle 5	Businesses should respect and promote human rights	**Goal 5** Gender Equality **Goal 8** Decent Work and Economic Growth **Goal 16** Peace, Justice and Strong Institutions
Principle 6	Businesses should respect and make efforts to protect and restore the environment	**Goal 2** Zero Hunger **Goal 3** Good Health and Well-being **Goal 6** Clean Water and Sanitation **Goal 7** Affordable and Clean Energy **Goal 10** Reduced Inequalities **Goal 12** Responsible Consumption and Production **Goal 13** Climate Action **Goal 14** Life Below Water **Goal 15** Life on Land
Principle 7	Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent	**Goal 2** Zero Hunger **Goal 7** Affordable and Clean Energy **Goal 10** Reduced Inequalities **Goal 11** Sustainable Cities and Communities **Goal 13** Climate Action **Goal 14** Life Below Water **Goal 15** Life on Land **Goal 17** Partnerships for the Goals
Principle 8	Businesses should promote inclusive growth and equitable development	**Goal 1** No Poverty **Goal 2** Zero Hunger **Goal 3** Good Health and Well-being **Goal 4** Quality Education **Goal 5** Gender Equality **Goal 6** Clean Water and Sanitation **Goal 8** Decent Work and Economic Growth **Goal 9** Industry, Innovation and Infrastructure **Goal 11** Sustainable Cities and Communities **Goal 13** Climate Action

		Goal 14 Life Below Water **Goal 15** Life on Land **Goal 16** Peace, Justice and Strong Institutions **Goal 17** Partnerships for the Goals
Principle 9	Businesses should engage with and provide value to their consumers in a responsible manner	**Goal 2** Zero Hunger **Goal 4** Quality Education **Goal 12** Responsible Consumption and Production **Goal 14** Life Below Water **Goal 15** Life on Land
Source: https://www.mca.gov.in/Ministry/pdf/NationalGuildeline_15032019.pdf		

Principle 1 – Businesses should conduct and govern themselves with integrity, and in a manner that is ethical, transparent, and accountable.	**Achieve Principle by**
The first principle emphasizes the importance of conducting business with integrity, ethics, transparency, and accountability. It centers around establishing a governance structure that upholds ethical practices while being accountable to stakeholders. Transparency is crucial, ensuring that all decisions impacting stakeholders are openly communicated and accessible. This principle aligns with the United Nations Sustainable Goal 16, which promotes Peace, Justice, and Strong Institutions. The core elements of this principle outline the key aspects of the governance structure.	The governing structure of the organisation should: • Formulate a comprehensive set of policies and procedures that promote ethical conduct, preventing any misuse through effective actions. • Ensure the dissemination, communication, training, and implementation of these principles throughout all functions and operations of the organization. • Encourage the integration of this principle across the entire value chain of the business. • Transparently report and make available information to all stakeholders, covering strategies, policies, procedures, financial and non-financial performance metrics (e.g., pollution, resource usage, impact on the environment and communities). • Comply with all the legal and statutory requirements and obligations, facilitate fair competition, and treat stakeholders with equality and justice. • Take firm actions against third parties that violate or undermine the principles.

Principle 1 – Businesses should conduct and govern themselves with integrity, and in a manner that is ethical, transparent, and accountable.	Achieve Principle by
	• Implement a robust system to identify and address conflicts of interest among stakeholders. • Establish mechanisms to prevent illegal and unfair practices and ensure appropriate actions against violations. • Ensure timely payment of all taxes, levies, and duties relating to the business.

Principle 2 – Businesses should provide goods and services in a manner that is sustainable and safe.	Achieve Principle by
The second principle aligns with the UN Sustainable Goal 12, which addresses responsible production and consumption of resources. Its primary focus is on ensuring businesses provide goods and services in a manner that is both sustainable and safe. The objective is to protect the Earth's natural resources by promoting responsible consumption and efficient production, thereby creating value-adding products with reduced environmental and societal impacts throughout their entire life cycle, from conception to disposal.	To achieve this, the core idea revolves around implementing circular practices in operations to ensure material sustainability across the entire value chain. The following key actions are essential to uphold this principle: • Adopt resource-efficient and low carbon-emitting methods and technologies for designing and manufacturing products and services, thereby minimizing environmental and social impacts. • Provide stakeholders with accurate and comprehensive information about the environmental and societal impacts of products or services throughout their life cycle, from concept to disposal. This can be accomplished through product labelling, company websites, advertisements, and promotional programs. • Establish processes to responsibly manage waste generated, such as used packaging or spent consumables. These materials should be collected for reuse, recycling, or proper disposal without negatively affecting the environment or society.

<table>
<tr><th>Principle 3 – Businesses should respect and promote the well-being of all employees, including those in their value chains.</th><th>Achieve Principle by</th></tr>
<tr><td>The third principle places paramount importance on upholding the equity, dignity, and quality of life for all employees, extending its reach across the entirety of the value chain.

This commitment aligns with the UN Sustainable Development Goal 8, which focuses on Decent Work and Economic Growth.

This principle encompasses every individual within the value chain, aiming to eliminate all forms of discrimination and promote diversity.

It recognizes that an employee's well-being extends beyond the workplace to their entire family.

This principle comprises ten core elements that apply to both the organization itself and all entities within its value chain.

Both entities must not only adhere to regulatory and statutory requirements but also ensure equal opportunities for all employees during recruitment, promotions, appraisals, and exits from the organization.</td><td>The essence of this principle entails:

• Encouraging the establishment of collective bargaining, unions, and associations, along with robust grievance redressal systems.

• Preventing and eradicating all forms of child labour and forced labour.

• Supporting work-life balance and promoting a harmonious integration of work and personal life for all employees.

• Providing timely and transparent wage payments that adhere to fair wage standards for a decent standard of living.

• Ensuring a safe and hygienic work environment, with facilities catering to gender-specific requirements.

• Offering essential training and opportunities for skill enhancement, enabling employees to access continuous learning.

• Preventing workplace violence, harassment, and bullying, fostering an atmosphere of respect and dignity.</td></tr>
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<table>
<tr><th>Principle 4 – Businesses should respect the interests of and be responsive to all its stakeholders</th><th>Achieve Principle by</th></tr>
<tr><td>The fourth principle underscores the imperative of respecting and responding to the interests of all stakeholders.

Beyond investors, clients, and employees, this principle highlights the broader spectrum of stakeholders, including the customers and consumers, natural habitats, water bodies, and communities.</td><td>The core elements cover:

• Establishing transparent mechanisms to disclose the impacts of operations to stakeholders, practising and encouraging open communication.

• Identifying and categorizing stakeholders, both internal and external, to determine their expectations and shaping business strategies accordingly.</td></tr>
</table>

Principle 4 – Businesses should respect the interests of and be responsive to all its stakeholders	Achieve Principle by
Organizations hold a responsibility towards the larger society, as their operations have implications for natural resources and various aspects of the environment. The principle demands that organizations consider the expectations of all stakeholders, both internal and external. This includes a special emphasis on vulnerable groups and communities directly affected by the business's activities. The aim is to minimize adverse effects on stakeholders across all phases of the product or service life cycle.	• Ensuring that the benefits derived from the business are shared with affected parties. The organization holds the responsibility to address conflicts and grievances arising from its operations by offering fair compensations and alternative solutions.

Principle 5 – Businesses should respect and promote human rights.	Achieve Principle by
This fifth principle is grounded in the Constitution of India and the International Bill of Rights, reflecting the nation's responsibility to uphold, protect, and champion human rights. It operates under the firm belief that human rights are inherent to every individual and are inviolable. These rights must not be compromised or diluted in any manner for the sake of business pursuits. The UN Guiding Principles on Business and Human Rights further establish that businesses hold a responsibility to ensure human rights are upheld, and they must be held accountable for any violations arising from their operations.	There are five core elements to this Principle as below: • The governing structure of the business should communicate the human rights requirements outlined in the Constitution of India, other pertinent Indian laws, and the International Bill of Rights to employees and collaborators. Moreover, mechanisms should be in place to address potential human rights impacts, with dedicated authorities to oversee these matters. • The organizational governance system should establish policies, structures, and procedures designed to identify and proactively mitigate possible human rights violations stemming from its operations. • The organisation should adequately address mitigation of the human rights issues stemming from their operations, implementing effective corrective measures to prevent recurrence.

Principle 5 – Businesses should respect and promote human rights.	**Achieve Principle by**
	• The business should undertake promotional initiatives and campaigns across the value chain to educate employees and raise awareness about potential human rights violations and how they might occur due to their operations. • Effective grievance redressal mechanisms must be established to provide all affected groups and communities with a platform to voice their concerns to the organization.

Principle 6 – Businesses should respect and make efforts to protect and restore the environment.	**Achieve Principle by**
The sixth principle aligns seamlessly with several UNSDGs, namely SDG 11 for the advancement of Sustainable Cities and Communities, SDG 13 for decisive Climate Action, SDG 14 devoted to Life below water, and SDG 15 centred on Life on land. Acknowledging the inherent correlation between safeguarding the environment and fostering sustainable economic progress, this principle emphasizes our responsibility to protect nature and the environment, ultimately benefiting society. Environmental concerns transcend local and regional boundaries, impacting a multitude of stakeholders. Ranging from pollution and the depletion of resources to climate change, habitat degradation, and a diminished quality of life, the interconnected challenges of the environment necessitate unwavering attention. This principle compels organizations to proactively identify potential	The following six fundamental elements are intricately linked to this principle: • Establish comprehensive systems to pinpoint environmental impacts, followed by a thorough assessment, and the formulation of suitable mitigation strategies spanning the entirety of the value chain. This is especially crucial in environmentally sensitive and protected areas, where applicable. • Endeavor to curtail the consumption of natural resources, encompassing fossil fuels, water, electricity, metals, minerals, and forest products, throughout all operational processes. • Develop quantifiable performance metrics for various environmental facets such as energy consumption, fuel usage, air quality, water consumption, land utilization, pollution levels, waste generation, and materials management. • Institute a climate change mitigation program that aligns with national legal frameworks and international treaties, including the commitments outlined in agreements such as the Paris Agreement. • Champion the adoption of best practices in resource management, encapsulating the

Principle 6 – Businesses should respect and make efforts to protect and restore the environment.	**Achieve Principle by**
environmental ramifications arising from their operations and supply chains and take robust steps to mitigate them. It also champions the adoption of a precautionary approach to minimize environmental impacts.	principles of reuse, reduction, recycling, and resource recovery. Actively engage stakeholders, including those within the value chain, to participate. • Enhance environmental performance by embracing innovative, efficient, and low-carbon technologies and solutions, ultimately leading to a reduced resource footprint, and minimized material consumption.

Principle 7 – Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent.	**Achieve Principle by**
The seventh principle rests upon the acknowledgment that both domestic and international legal frameworks wield significant influence over the functioning and growth potential of businesses operating within a particular jurisdiction. This principle underscores that while organizations are entitled to collaborate with governments in shaping policies, such collaborations must be conducted with a strong sense of responsibility and transparency. This principle places a spotlight on the critical importance of upholding ethical standards and maintaining transparency while participating in public and regulatory policy deliberations. This approach not only demonstrates respect for legal structures but also contributes to the nurturing of a responsible and equitable business environment.	The subsequent core components lie at the heart of this principle: • Enterprises should establish a robust mechanism to ensure complete public disclosure whenever they partake in an advocacy role, aligning these actions with the tenets articulated in the National Guidelines for Responsible Business Conduct (NGRBC) framework. • Utilize industry associations, trade consortiums, and commercial bodies as platforms for engaging in policy advocacy with governmental bodies, particularly regarding policies that exert direct influence on the organization's operations. • Guarantee that the policy advocacy positions endorsed by the business prioritize the principles of impartial competition and the protection of human rights, thereby reinforcing the organization's unwavering commitment to ethical business practices.

Principle 8 – Businesses should promote inclusive growth and equitable development.	Achieve Principle by
The eighth principle draws its inspiration from Section 135 of the Companies Act, 2013, which places a distinct emphasis on addressing the needs of disadvantaged, vulnerable, and marginalized communities. Furthermore, it aligns seamlessly with United Nations Sustainable Development Goal 17, a pivotal goal highlighting the significance of forming partnerships for sustainable advancement. Given the substantial portion of India's population grappling with economic and social adversity, the pursuit of inclusive growth stands as an imperative aspiration. This principle underscores the intricate nexus between economic prosperity, inclusive growth, and just development.	Essential facets of this principle encompass: • Erecting robust systems that identify and tackle impacts on the social, cultural, and economic dimensions of individuals. This encompasses the resolution of issues like land acquisition, land usage, and construction activities connected to new facilities. • Fostering the advancement of inventive products, technologies, and business initiatives that contribute to the well-being and enhanced quality of life for marginalized communities. • When shaping corporate social responsibility (CSR) undertakings, organizations should harmonize them with local and regional developmental priorities, with a special emphasis on bolstering marginalized groups and communities. • Ensuring that business operations never result in the displacement or relocation of communities. In cases where such actions are inevitable, organizations should engage in participatory and well-informed negotiations to offer equitable compensation to those affected. • Demonstrating respect for all forms of intellectual property and traditional knowledge. Vigorous endeavors should be made to ensure a just sharing of benefits stemming from such knowledge.

Principle 9 – Businesses should engage with and provide value to their consumers in a responsible manner.	Achieve Principle by
The ninth principle revolves around the fundamental concept that the primary objective of a business entity is to generate prosperity by providing high-quality products and services to targeted consumers, thereby fostering mutual benefit.	The following eight fundamental components encapsulate this principle: • Organizations should proactively work to mitigate the adverse impacts of their products and services on consumers, the natural environment, and society at large.

Principle 9 – Businesses should engage with and provide value to their consumers in a responsible manner.	Achieve Principle by
This principle underscores that consumers possess the autonomy to choose products and services, prompting organizations to prioritize affordability, quality, user-friendliness, and responsible disposal. It also aligns harmoniously with UN Sustainable Development Goal 12, which champions responsible consumption and production. This goal necessitates businesses to enlighten consumers about the repercussions of excessive product usage on their well-being and the broader society and environment.	• During the conceptualization, design, and marketing phases of their products, organizations should refrain from impeding consumers' freedom of choice and fair competition in any manner. • The organization should transparently and accurately divulge all types of detrimental impacts to users, the planet, society, and biodiversity arising from their products. This information can be effectively disseminated through labels, marketing materials, or social media platforms. • While handling customer data, organizations must uphold customers' right to privacy. • Organizations should educate consumers about the secure and responsible usage, reusability, recycling, and proper disposal of products, while also providing guidance on countering over-consumption. • During product advertising, organizations should meticulously avoid misleading or perplexing consumers regarding product attributes or usage. • Businesses should establish clear and accessible grievance redressal and feedback management systems, empowering consumers to voice concerns and seek clarifications. • For entities offering essential goods and services (e.g., utilities), universal access must be ensured, even for those whose services have been suspended for any reason, in a non-discriminatory and responsible manner.

MODULE TWO: OVERVIEW & GUIDANCE ON BRSR DISCLOSURES

Module 2 of this Background material for the Certificate Course on Sustainability and BRSR delves into the specifics of Business Responsibility and Sustainability Reporting (BRSR), equipping readers with the knowledge and guidance to navigate the crucial aspect of responsible business practices. Module begins by tracing the evolution from Business Responsibility Reporting (BRR) to BRSR, highlighting the shift towards a more comprehensive and sustainability-focused approach.

Key Elements:

- **BRR to BRSR:** A Paradigm Shift: Understanding the reasons behind the move from BRR to BRSR and its implications for businesses.
- **BRSR SEBI Committee:** Introducing the BRSR Committee established by the Securities and Exchange Board of India (SEBI) and its role in developing reporting guidelines.
- **BRSR Lite Version:** Exploring the simplified "BRSR Lite" framework designed for certain companies, providing an accessible entry point for responsible reporting.
- **Disclosure Requirements under BRSR:** Understanding the BRSR framework three sections: General Disclosure, Management and Process Disclosures, and Principle-wise Performance Disclosure.
- **General Guidance for Reporting:** Demystifying the reporting process with detailed explanations of each section, including examples and resources to facilitate comprehensive reporting.
- **The Principles of BRSR:** Diving deep into BRSR principles, unpacking their specific requirements and providing insights into how businesses can demonstrate responsible practices across various aspects of their operations.

Module 2 aims to equip you with:

- A thorough understanding of the BRSR framework and its reporting requirements.
- The ability to identify and analyze your company's performance against each BRSR principle.
- Practical guidance on preparing and disclosing a BRSR report, taking advantage of the "BRSR Lite" option if applicable.
- Insights into how effective BRSR aligns with a company's long-term sustainability goals and strengthens stakeholder relationships.

By completing this module, the reader can confidently navigate the BRSR reporting landscape and journey towards responsible and sustainable growth.

2.1. Evolution of ESG reporting in India and BRR

Non-financial reporting has gained traction across the world as more and more companies have started becoming conscious about the adverse effects of their operations on the environment and climate change. The emphasis on nonfinancial reporting has prompted a reorientation of business models towards a more sustainable approach.

Several institutions such as the Sustainability Accounting Standards Board (SASB), the Global Reporting Initiative (GRI), and the Task Force on Climate-related Financial Disclosures (TCFD) had started working to form standardized reporting formats for non-financial disclosures by companies.

NVG – 2011

The National Voluntary Guidelines (NVGs) on Social, Environmental and Economic Responsibilities of Business was released by the Ministry of Corporate Affairs (MCA) in July 2011, is essentially a set of nine principles that offer Indian businesses an understanding and approach to inculcate responsible business conduct.

India BRR – 2012

After the National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVGs) released by the Ministry of Corporate Affairs (MCA) in 2011, the Securities and Exchange Board of India (SEBI) made it mandatory for the top listed companies to disclose about non-financial data pertaining to environmental and social responsibilities through Business Responsibility Report (BRR) that was in line with the principles of the NVGs. The requirement was applicable for top 100 listed entities based on market capitalisation at BSE and NSE as on March 31, 2012, and this was to be done as part of the Annual Reports that they publish for the stakeholders.

CSR under Sec 135 of the Companies Act – 2013

Section 135 of the Companies Act introduced in 2013, mandates companies to undertake Corporate Social Responsibility (CSR) initiatives with a clear preference for local communities and define rules concerning the governance and expenditure under CSR initiatives.

Agenda for Sustainable Development - 2015

At the global level, the UN General Assembly adopted the 2030 Agenda for Sustainable Development in 2015. Through this agenda, it established the seventeen Sustainable Development Goals and review mechanisms for tracking targets using indicators.

India BRR – 2015

SEBI increased the number of companies that were required to file for BRR, to the top 500 listed companies in India by market capitalization from FY 2015-2016 onwards.

National Guidelines on Responsible Business Conduct (NGRBC) - 2019

The National Guidelines on Responsible Business Conduct (NGRBC) were released in 2019 as a revised form of the NVGs taking into account the national and international developments in the arena of sustainable business since 2011. These guidelines were intended to assist businesses to embrace the principle of responsible conduct going beyond the requirements of regulatory compliance.

India BRR – 2019

SEBI mandated the top 1000 listed companies in the stock exchange by market capitalization to publish BRRs as a part of their annual report.

India BRSR – 2021

In May 2021, SEBI introduced a new ESG reporting structure titled 'Business Responsibility and Sustainability Reporting' to make it mandatory for the top 1000 listed companies in the stock exchange (by market capitalisation), to report their sustainability performance from FY 2022 – 2023 onwards and maintain transparency with their key stakeholders.

India BRSR Core, 2023

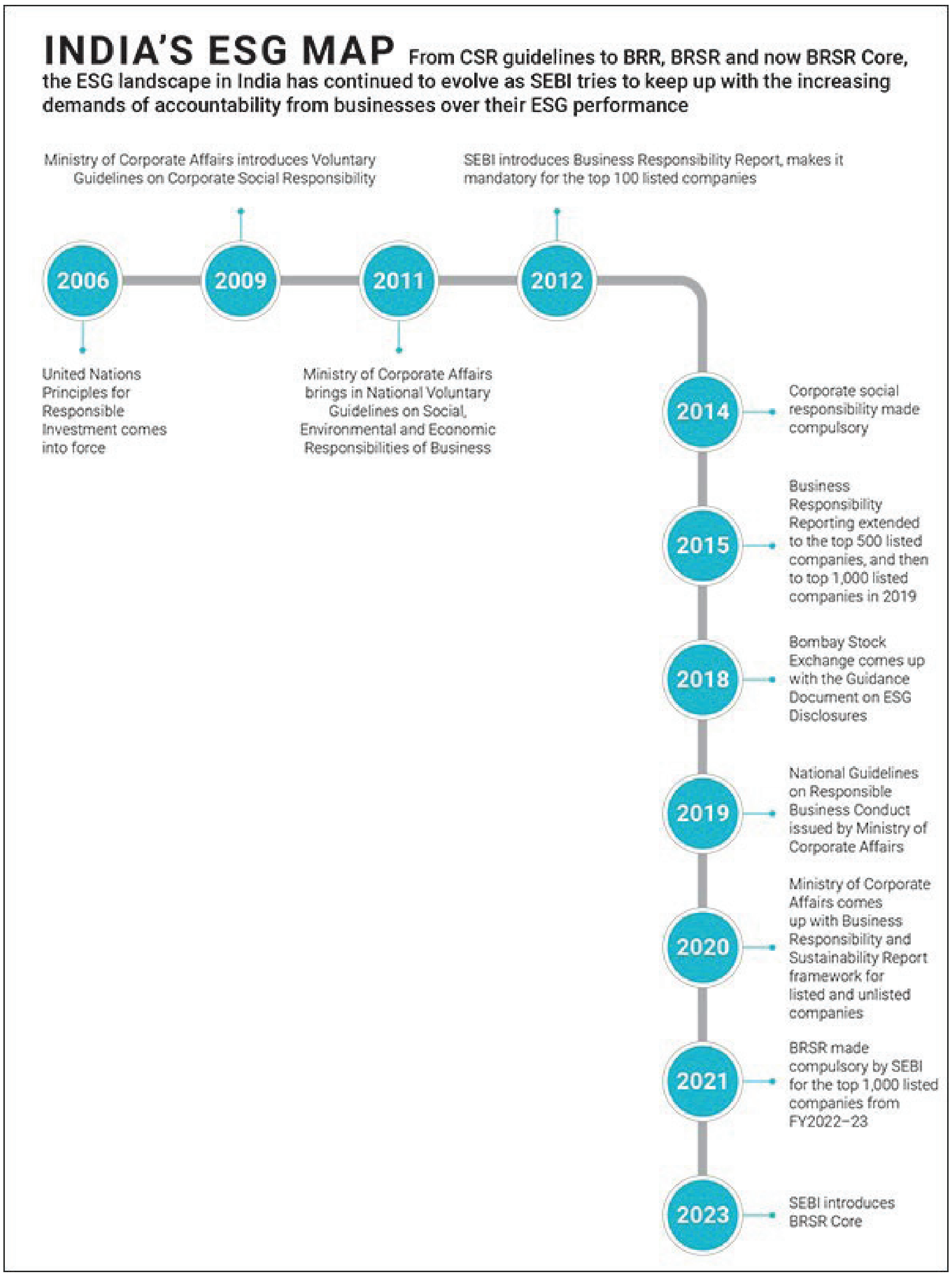
SEBI vide Circular No. SEBI/HO/CFD/CMD-2/P/CIR/2021/562 dated May 10, 2021 had prescribed the Business Responsibility and Sustainability Report (BRSR) which was subsequently incorporated in the Master Circular No. SEBI/HO/CFD/PoD2/CIR/P/2023/120 dated July 11, 2023. Based on the recommendations of the ESG Advisory Committee and pursuant to public consultation, the Board decided to introduce the BRSR Core for assurance by listed entities. The Board further decided to introduce disclosures and assurance for the value chain of listed entities, as per the BRSR Core.

The provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("LODR Regulations") in this regard, have been amended vide Gazette notification no. SEBI/LAD-NRO/GN/2023/131 dated June 14, 2023.

The BRSR Core is a sub-set of the BRSR, consisting of a set of Key Performance Indicators (KPIs) / metrics under 9 ESG attributes. Keeping in view the relevance to the Indian / Emerging market context, few new KPIs have been identified for assurance such as job creation in small towns, open-ness of business, gross wages paid to women etc. Further, for better global comparability intensity ratios based on revenue adjusted for Purchasing Power Parity (PPP) have been included.

Note: For complete information on attributes, parameters, measurement, data & assurance approach, and cross-reference to the BRSR report, please refer: https://www.sebi.gov.in/sebi_data/commondocs/jul-2023/Annexure_I-Format-of-BRSRCore_p.pdf

Evolution of Regulations for Non-Financial Disclosures in India



Source: *https://www.outlookbusiness.com/strategy-4/feature-17/sebis-got-indian-thoughts-on-esg-push-6841*

2.2. The need for shift from BRR to BRSR

The Securities and Exchange Board of India (SEBI) introduced the requirement of ESG reporting in India in 2012. As discussed earlier, their version of ESG reporting was termed the Business Responsibility Report (BRR) and it was mandated by SEBI that the top 100 listed companies in India by market capitalization needed to file a BRR.

The Indian Institute of Corporate Affairs (IICA) developed the BRSR based on a study conducted in collaboration with the United Nations Children's Fund (UNICEF) in 2018 (IICA-UNICEF study). The study exposed the gaps in the SEBI-BRR framework – the information provided by the companies was not clear and/or accurate. Thus, the BRSR was formulated to improve upon the BRR and make businesses report their non-financial performance with enhanced transparency.

By 2021, BRR has now evolved into BRSR, making it a comprehensive ESG reporting framework. It has also managed to successfully plug the gaps in terms of accuracy and depth of reporting.

Note: SEBI Consultation Paper on the Format for Business Responsibility and Sustainability Reporting. https://www.sebi.gov.in/reports-and-statistics/reports/aug-2020/consultation-paper-on-the-format-for-business-responsibility-and-sustainability-reporting_47345.html

The shift from Business Responsibility Report (BRR) to Business Responsibility and Sustainability Report (BRSR) in India highlights a crucial step towards **enhancing transparency and accountability regarding a company's non-financial performance, particularly in relation to sustainability** by enabling the following:

- Encouraging companies to **integrate ESG considerations** into their core operations.
- Providing **stakeholders with reliable and comparable information** to make informed decisions.
- Promoting **responsible investment practices** that consider both financial and non-financial factors.

The BRSR is a positive development that can significantly contribute to building a more sustainable and transparent business environment in India.

2.3 Limitations of BRR

a. **Limited Scope:** The BRR focused primarily on reporting corporate social responsibility (CSR) initiatives undertaken by companies, primarily complying with mandatory CSR spending requirements. It didn't comprehensively capture the broader context of sustainability, including environmental and governance aspects.

b. **Lack of Standardization:** The BRR format lacked a standardized structure, leading to inconsistencies and making comparisons across companies challenging for stakeholders.

c. **Limited Assurance:** The BRR framework did not explicitly mandate assurance on the reported information, raising concerns about the reliability and accuracy of the data presented.

2.4 Key Highlights of BRSR

a. **Thrust to maximizing business impact** – With a primary objective of creating awareness around corporate sustainability, the new disclosure requirements, which are of a mandatory nature, will enable the companies with reporting obligation to redefine their corporate purpose with an enhanced focus on environmental, social and governance dimensions.

b. **Linkages with Global Reporting Standards/Annual Report** - The listed companies, while preparing sustainability reports, can now cross-reference such reporting with internationally accepted disclosure parameters as set out under GRI, SASB, TCFD, etc. Furthermore, in case the data sought under BRSR format is already available under the annual report, the Regulatory Authority allows companies to cross reference such disclosure data either in the annual report or the sustainability report to avoid dual reporting.

c. **Emphasis on training and awareness -** The new format lays emphasis on the importance of imparting adequate awareness and training sessions on aspects such as employee health and safety measures, anti-corruption issues and upskilling of the workforce. Accordingly, the companies are required to disclose details of such training initiatives.

d. **Environmental and Social Assessment related disclosures -** With a focus on environmental and social aspects, the new reporting format seeks disclosures with respect to any Environmental or Social Impact Assessments carried out by the listed companies in compliance with relevant laws.

e. **'Essential' and 'Leadership' Indicators -** BRSR typically places a stronger emphasis on Essential indicators, such as environmental impact and social responsibility, compared to traditional BRR. Leadership indicators in BRSR often focus on how a company integrates sustainability into its core business strategy and operations, showcasing a commitment to responsible and sustainable business practices.

2.5 How is BRSR different from BRR?

The following notable differences can be observed between earlier reporting under BRR and BRSR: -

BRR	BRSR
This format was applicable to the top 1,000 listed companies by market capitalization before BRSR	This format is applicable to the top 1,000 listed companies by market capitalization from FY 2023.
Disclosures to be made in annual report	Disclosures to be made in annual report and MCA21 portal through XBRL language
Only quantitative disclosures	Both quantitative and qualitative disclosures
Only few disclosures are required & no segregation between essential and leadership indicators	Two formats: • **Comprehensive:** For large companies and companies already reporting under the Listing Regulations. • **Lite:** For companies who have no prior experience of sustainability reporting (this format requires lesser details and information that is expected to be available with all companies).

2.6 Overview of BRSR Comprehensive, Lite and Core Reporting

In the evolving realm of corporate sustainability, transparency and accountability are key. To address this need, India's Business Responsibility and Sustainability Reporting (BRSR) framework offers various reporting formats catering to diverse company sizes and complexities. This system allows companies to **communicate their environmental, social and governance (ESG) efforts** through different levels of detail, ensuring inclusivity and accessibility while upholding transparency. BRSR Comprehensive is the most detailed version mandatory for the top 1000 listed companies by market capitalization, BRSR Lite offers a simplified approach as a stepping stone for companies to get familiar with sustainability reporting and BRSR core is within the BRSR framework which includes a specific set of essential disclosures within the BRSR framework. Detailed explanation is given below:

a. BRSR Comprehensive

The BRSR Comprehensive is designed primarily for large, listed companies, particularly the top 1000 based on market capitalization.

It encompasses a comprehensive set of reporting requirements covering various environmental, social, and governance (ESG) aspects. These include detailed disclosures on environmental resource management, emissions, biodiversity, climate change mitigation and adaptation, as well as social aspects like employee well-being, community engagement, human rights, and governance factors such as board diversity, ethics, anti-corruption measures, and risk management.

Mandatory reasonable assurance on BRSR Core disclosures (environmental, social, and governance core disclosures) is required, starting from the financial year 2023-24.

b. BRSR Lite

BRSR Lite targets smaller companies, including unlisted entities, aiming to make sustainability reporting more accessible. It offers a simplified and condensed reporting format compared to the Comprehensive version.

BRSR Lite focuses on key ESG areas relevant to the company's size and industry, such as identifying material ESG aspects, responsible sourcing practices within the supply chain, and stakeholder engagement.

Assurance on BRSR Lite reports is voluntary, with companies having the option to obtain assurance in either limited or reasonable assurance form.

c. BRSR Core

BRSR Core serves as a focused subset of the BRSR Comprehensive framework, intended for larger companies transitioning towards comprehensive reporting. It includes a limited set of mandatory disclosures related to core environmental, social, and governance aspects. This serves as a foundational step for larger companies as they progress towards full BRSR Comprehensive reporting.

Similar to the Comprehensive format, mandatory reasonable assurance is required for BRSR Core disclosures starting from the financial year 2023-24 for the top 150 companies based on net worth.

Comparing BRSR Lite vs. BRSR Comprehensive Reporting

Both BRSR Lite and BRSR Comprehensive formats aim to capture a company's environmental, social, and governance (ESG) performance. However, they cater to different company sizes and ESG reporting experience levels, resulting in varying reporting requirements. Let's delve into the specifics:

Parameter	BRSR Lite	BRSR Comprehensive
Scope and Applicability	**Applicable to:** Unlisted companies and smaller listed companies not in the top 1000 by market capitalization. **Voluntary:** Encourages smaller companies to initiate ESG reporting without overwhelming demands.	**Applicable to:** Top 1000 listed companies by market capitalization (as of FY 2022-23). **Mandatory:** Promotes transparency and accountability for larger companies' ESG performance. **Broader Scope:** Covers a wider range of ESG aspects and requires reporting on all products/services constituting 90% of turnover.

Parameter	BRSR Lite	BRSR Comprehensive
	Limited Scope: Covers core ESG aspects, focusing on the top 3 products/services with significant sustainability impact.	
Reporting Depth and Granularity	Qualitative Focus: Allows qualitative narratives and less comprehensive data for disclosures. Flexible Approach: Offers more flexibility in reporting depth to accommodate smaller companies' resources. No GRI Mapping: Doesn't require mapping disclosures to specific GRI Standards.	Quantitative Data: Demands in-depth analysis and quantitative data for each disclosure. Detailed Disclosures: Includes detailed sector-specific disclosures for more targeted reporting. GRI Mapping: Requires mapping disclosures to relevant GRI Standards for global benchmarking.
Assurance Requirements	Currently Voluntary: Assurance is not mandatory but may become so in the future. Optional Option: Companies can choose to get voluntary assurance for enhanced stakeholder confidence.	Mandatory: Requires independent assurance. Adds Credibility: Independent assurance enhances report reliability and stakeholder trust.
Specific Reporting Areas	Simpler Disclosures: Has simpler disclosure requirements on aspects like climate change, human rights, etc. Focus on Core Areas: Emphasizes essential ESG aspects to initiate sustainability reporting practices.	Detailed Disclosures: Requires detailed disclosures on greenhouse gas emissions, climate change risks, value chain sustainability, human rights due diligence, etc. Comprehensive Approach: Aims for a more holistic picture of the company's ESG impact.
Format Structure	Simpler Format: Uses a basic structure with fewer sections and disclosures. Easier Adoption: Designed for easier navigation and adoption by companies with limited experience.	Detailed Format: Has a more elaborate structure with numerous sections and specific disclosure requirements. Comprehensive Coverage: Ensures comprehensive reporting on various ESG aspects.

Parameter	BRSR Lite	BRSR Comprehensive
Availability of Resources	Limited Resources: May have fewer official resources and guidance available compared to BRSR Comprehensive. Independent Effort: Companies might need to rely more on external resources and guidance.	Extensive Resources: Has extensive official resources, including detailed guidelines, FAQs, and training materials. Support Available: Dedicated SEBI support channels are available for clarification and assistance.

The choice between BRSR Lite and BRSR Comprehensive depends on your company's size, listing status, ESG maturity, and reporting resources. Consider your capacity for detailed analysis, data collection, and assurance before deciding. For unlisted companies or smaller listed entities, BRSR Lite offers a manageable starting point, while larger listed companies must adhere to the more comprehensive BRSR format.

2.7 Disclosure Requirements under Business Responsibility and Sustainability Reporting

2.7.1 Reporting requirements regarding sustainability reporting

In 2020, The Ministry of Corporate Affairs (MCA) formed a committee to recommend new reporting format aligned with National Guidelines for Responsible Business Conduct' (NGRBCs). This committee suggested renaming BRR to BRSR. In May 2021, SEBI based on the MCA committee's report and considering global practices, introduced the BRSR format and guidance note. https://www.sebi.gov.in/reports-and-statistics/reports/aug-2020/consultation-paper-on-the-format-for-business-responsibility-and-sustainability-reporting_47345.html

BRSR is an initiative towards ensuring that investors have access to standardised disclosures on environment, Social and Governance parameters. It integrates companies' financial performance with ESG parameters. It enables all stakeholders to have insights into stability, Growth, and sustainability along with financial performance.

2.7.2 Requirement

Requirement to comply with BRSR: Top 1000 Listed entities based on market capitalisation, reporting under BRSR is mandatory from FY 22-23.

2.7.3 General Guidance for Reporting

a. **Inter-operability of reporting framework-** Those listed entities which prepare and disclose sustainability reports (as part of annual report) based on internationally accepted reporting frameworks such as GRI, SASB, TCFD, Integrated Reporting, can cross-reference the disclosures made under such framework to the disclosures sought under the BRSR. Further, in case the data sought in the reporting format is already disclosed in the annual report, the listed entity can provide a cross-reference to the same.

   Thus, an entity need not disclose the same information twice in the annual report. However, the entity should specifically mention the page number of the annual report or sustainability report where the information sought under the BRSR format is disclosed as part of the report prepared based on internationally accepted reporting framework.

b. **Consistency in reporting boundary-** The BRSR seeks disclosure of the reporting boundary .i.e. whether the reporting is done for the entity on a standalone or consolidated basis (Reference: Question 13, Section A). Listed entities shall ensure consistency in reporting boundary across the report.

c. **Applicability-** Some of the disclosures sought under the BRSR may not be applicable to certain industries, say the service industry. In such cases, the entity can state that such disclosure is not applicable along with reasons for the same.

d. The term **"reporting period"** refers to the financial year for which BRSR is being prepared.

e. The listed entity should endeavor to provide clear, complete, and concise responses. Web links to the relevant document may be provided, if available.

f. The **information** sought on complaints in the format is accompanied with a column of **"Remarks"** where entities can explain reasons for pending complaints (if any) or can give a brief on the nature of the complaints, wherever\required.

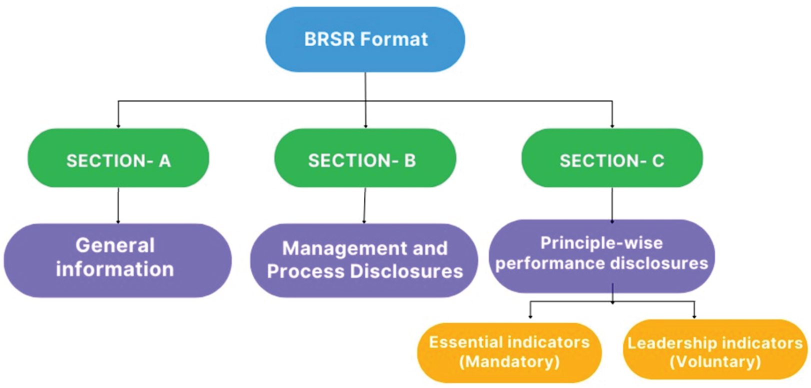
g. Regarding disclosures relating to gender, the format specifies male and female, however in case the entity has employed persons who have not disclosed gender or belong to any other gender, a separate column of **"Other"** may be added for such disclosures.

h. The term **"Principles"** refers to the Principles 1 to 9 as laid down in the National Guidelines for Responsible Business Conduct (available at the following link: https://www.mca.gov.in/Ministry/pdf/NationalGuildeline_15032019.pdf).

i. In addition to the disclosures sought under the format, the entity may disclose any other relevant sustainability related information at appropriate places.

2.7.4 Structure and format of BRSR

The principal purpose of this reporting framework is to serve as an internal tool for businesses intending to align themselves with the NGRBC. The reporting structure is divided into three sections:



a. **Section A- General Disclosures:** The objective of this section is to obtain basic information and details of the listed entity, which includes their products and services, operations, employees, transparency and disclosure requirements and compliances, subsidiary companies, holdings, and joint ventures, etc. (26 parameters)

b. **Section B- Management and process disclosures:** In this section, the company is required to disclose information on policies and processes relating to the NGRBC principles concerning leadership, governance, and stakeholder engagement. Wherever relevant, companies have been asked to provide links to their websites where these policies are available. The information required in this section mainly involves questions related to oversight, governance, leadership issues and management processes. (12 parameters)

Section C- Principle-wise performance disclosures: This section is aimed at helping businesses demonstrate their performance in integrating the Principles and Core Elements with key processes and decisions. The information sought is categorized as “Essential” and “Leadership”. While the essential level is expected from every business that has adopted these Guidelines, the leadership level is expected of businesses which aspire to progress to a higher level in their quest to be socially, environmentally and ethically responsible. Further, companies are required to report on two parameters for each principle, which are:

- **Essential indicators (mandatory):** These are the indicators which the company mandatorily needs to report, which include environmental data such as energy, emissions, water, and waste; trainings conducted; community initiatives undertaken by the company and social impact created by the company. (9 principles and 68 Indicators)
- **Leadership indicators (voluntary):** These indicators are not mandatory to be reported by the company yet. However, there is a broader expectation that companies would be compliant with these indicators for improved transparency and greater accountability. This might include reporting on scope 3 emissions and breakdown of energy consumption, health, and safety assessment of value chain partners. The leadership indicators focus on providing a broader picture of the company’s operations in terms of sustainability. (9 principles and 39 Indicators).

Principle	No. of Essential Indicators (Mandatory)	No. of Leadership Indicators (Voluntary)
Principle 1	9	2
Principle 2	4	5
Principle 3	15	6
Principle 4	2	3
Principle 5	11	5
Principle 6	13	7
Principle 7	2	1
Principle 8	5	6
Principle 9	7	4
Total	**68**	**39**

a. BRSR - Section A- General Disclosure

Section A of Business Responsibility and Sustainability Reporting format prescribed by SEBI deals with general disclosures related to the listed entity, it covers both financial and non-financial data related to the entity. Section A focuses on the details related to corporate identification, main business activity, products, and services in which the entity deals, customers, details related to employees and workers of the entity, representation of women at the top management and turnover ratio of the employees must be disclosed, details of Holding/Subsidiary and Associate companies, CSR details etc. The disclosures sought in this section are internal and mostly available with the reporting entities.

The disclosures under Section A are divided under seven main headings namely: -

1. Details of the listed entity
2. Products/services
3. Operations
4. Employees
5. Holding, Subsidiary and Associate Companies (including joint ventures)
6. CSR Details
7. Transparency and Disclosures Compliances

[PART -I] Details of the listed entity: -

These details contain general information related to the company, its existence and reporting boundaries etc. Following details needs to be provided: -

1. Corporate Identity Number (CIN) of the Listed Entity

2. Name of the Listed Entity

3. Year of incorporation

4. Registered office address

5. Corporate address

6. E-mail

7. Telephone

8. Website

9. Financial year for which reporting is being done (Notes)*

10. Name of the Stock Exchange(s) where shares are listed.

11. Paid-up Capital

12. Name and contact details (telephone, email address) of the person who may be contacted in case of any queries on the BRSR report (Notes)**

13. Reporting boundary - Are the disclosures under this report made on a standalone basis (i.e., only for the entity) or on a consolidated basis (i.e., for the entity and all the entities which form a part of its consolidated financial statements, taken together). (Notes)***

14. Name of assurance provider

15. Type of assurance obtained.

Notes:-

- *Financial year for which reporting is being done:

  Here the company needs to disclose the year for which reporting under Business responsibility and Sustainability reporting is done, as per SEBI's guidelines reporting under BRSR is mandatory from Financial Year 2022-23.

  ** Name and contact details (telephone, email address) of the person who may be contacted in case of any queries on the BRSR report: -

  Under Business Responsibility Reporting (BRR) the company is required to provide details of directors responsible for implementation of the BR polices under Section D. However as per the new format of BRSR, under Section A, the company needs to provide Telephone Number and E-mail address of person who may be contacted by public in large for any query related to BRSR.

  The company need not provide details of any KMP or Director as the section doesn't specifically ask for the same, company may provide details of any competent employee or official who may be contacted in case of any query.

- *** Reporting boundary - Are the disclosures under this report made on a standalone basis (i.e., only for the entity) or on a consolidated basis (i.e., for the entity and all the entities which form a part of its consolidated financial statements, taken together): -

  Under Section A Part-V company needs to provide details of its subsidiary companies, associates, joint ventures etc., here company needs to provide a descriptive answer whether companies disclosed under Part-V and which forms part of its consolidated financial statements will be covered under the reporting done by the entity under BRSR or the reporting only confined to the listed entity.

[PART – 2] Products/Services: -

Under this part the company needs to provide details related to its main business activity and products and services sold by an entity which covers a significant part of its turnover i.e. for 90% or more.

16. Details of business activities (accounting for 90% of the turnover) (Notes)*

S. No.	Description of Main Activity	Description of Business Activity	% of Turnover of the entity

17. Products/Services sold by the entity (accounting for 90% of the entity's Turnover): (Notes)**

S. No.	Product/Service	NIC Code	% of total Turnover contributed

Notes: -

- *Details of business activities (accounting for 90% of the turnover): -

  Here the company needs to disclose its main business activity, main business activity refers to the main object of the entity or principal line of business in which the entity is engaged.

  However, the company needs to provide due care that the details of business activities shall be in line with those given in Form MGT-7 prescribed by MCA.

- **Products/Services sold by the entity (accounting for 90% of the entity's Turnover):

  The entity shall disclose the top products manufactured or services provided by the listed entity that account for 90% of its turnover (in descending order) along with the individual contribution of such products / services to the total turnover.

  ***National Industrial Classification (NIC) codes** - The National Industrial Classification Code ("NIC Code") is a statistical standard for developing and maintaining a comparable database for various economic activities. This code has been developed with an intent to ascertain and analyze as to how each economic activity is contributing towards national wealth.*

[PART – 3] Operations: -

Under part 3 company needs to provide details related to its geographical locations, various markets served by the entity including both national and international, percentage of export to the total revenue of the entity and a brief on the types of customers in which the entity is dealing in.

The disclosure requirements are as follows:

18. Number of locations where plants and/or operations/offices of the entity are situated:

Location	Number of plants	Number of offices	Total
National			
International			

Here the entity needs to disclose details related to its geographical locations, it includes details of both its manufacturing facilities and offices such as sales depots etc., company should not limit itself to the essential disclosure required *under this part of the section that is number of plants and offices, company should provide exhaustive details of its geographical locations including address, contact details (Telephone and E-mail address) of respective manufacturing facilities or offices. Company is required to provide details with respect to both its national (in India) and international (outside India) locations.*

19. Markets served by the entity:

a. Number of locations:

Locations	Number
National (No. of States)	
International (No. of Countries)	

Here the company needs to provide details of market served, including both national and international markets, company should additional disclosures such as Names of states in India and outside nations in which the entity is serving.

b. What is the contribution of exports as a percentage of the total turnover of the entity?

Here the company needs to provide bifurcation of total turnover into Export and Domestic sales. As exports contribute to nations growth and development, it helps in strengthening of economy through forex. Disclosure with respect to export will in BRSR will enable government to assess the entities contribution in nations growth and development.

In addition to essential disclosure required as per format, entity should disclose its coming initiatives towards exporting its products and services and how it is committed to nation's growth and development through exporting.

c. A brief on types of customers

The entity is required to disclose the various types of customers with which it is dealing. It needs to describe the nature of transactions in which the entity is engaged, as Business to business (B2B), Business to Customer (C2C) etc.

Business-to-business (B2B), also called B-to-B, is a form of transaction between businesses, such as one involving a manufacturer and wholesaler, or a wholesaler and a retailer. Business-to-business refers to business that is conducted between companies, rather than between a company and individual consumer.

The term business-to-consumer (B2C) refers to the process of selling products and services directly between a business and consumers who are the end-users of its products or services.

The disclosure is based on the nature of product in which the entity deals in, if the finished product of the entity is not capable of being used by the end user and requires further processing than the entity must be engaged in B2B transactions as it pays a part of process house in making final product for the end user.

Example:

Companies engaged in the Yarn making process will mainly be engaged in B2B transactions as their final product i.e., yarn needs further processing to get converted into fabric and being capable of being used by the end user.

[PART – 4] Employees: -

Under part 4 of Section A, the company is required to provide details of its employees and workers at the end of its reporting period.

The disclosure requirements are as follows:

20. Details as at the end of Financial Year:

1. Employees and workers (including differently abled):

S. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B / A)	No. (C)	% (C / A)
EMPLOYEES						
1.	Permanent (D)					
2.	Other than Permanent (E)					
3.	**Total employees (D + E)**					
WORKERS						
4.	Permanent (F)					
5.	Other than Permanent (G)					
6.	**Total workers (F + G)**					

Notes:-

1. *The entity shall disclose the total number of employees and workers, along-with the associated break-up by gender (male/ female) and into permanent / other than permanent.*
2. *Theterm"Employee"isdefinedunderSec2(l)of the Industrial Relations Code, 2020 and means, any person (other than an apprentice engaged under the Apprentices Act, 1961), employed on wages by an establishment to do any skilled, semi-skilled or unskilled, manual, operational, supervisory, managerial, administrative, technical or clerical work for hire or reward, whether the terms of employment be express or implied, and also includes a person declared to be an employee by the appropriate Government, but does not include any member of the Armed Forces of the Union. Ref-http:// egazette.nic.in/ Write Read Data/ 2020/ 222118.pdf*
3. *The term "Worker" is defined under Sec 2(zr) of the Industrial Relations Code, 2020 and means any person (except an apprentice as defined under clause (aa)*

of section 2 of the Apprentices Act, 1961) employed in any industry to do any manual, unskilled, skilled, technical, operational, clerical or supervisory work for hire or reward, whether the terms of employment be express or implied, and includes working journal is ts as defined in clause(f)ofsection2oftheWorking Journalists and other Newspaper Employees (Conditions of Service) and Miscellaneous Provisions Act, 1955 and sales promotion employees as defined in clause (d) of section 2 of the Sales Promotion Employees (Conditions of Service) Act, 1976,andforthepurposesofanyproceedingunderthisCode in relation to an industrial dispute, includes any such person who has been dismissed, discharged or retrenched or

Otherwise terminated in connection with, or because of, that dispute, or whose dismissal, discharge or retrenchment has led to that dispute, but does not include any such person -—

(i) who is subject to the Air Force Act, 1950 (45 of 1950), or the Army Act, 1950 (46 of 1950), or the Navy Act, 1957 (62 of 1957); or

(ii) who is employed in the police service or as an officer or other employee of a prison; or

(iii) who is employed mainly in a managerial or administrative capacity; or

(iv) who is employed in a supervisory capacity drawing wages exceeding eighteen thousand rupees per month, or an amount as may be notified by the Central Government from time to time.

Ref.- http://egazette.nic.in/WriteReadData/2020/222118.pdf

4. The term permanent worker" refers to an employee or worker, employed for full-time or part- time work, for an indeterminate period. The term "other than permanent employee" or "other than permanent worker" refers to employees or workers who are employed for a fixed term that ends when a specific time period expires, or on completion of a specific task or an event such as the end of a project or return of a replaced employee. "Other than permanent" employees or workers could be employed directly by the entity or through third party contractors.

2. Differently abled Employees and workers:

S. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B / A)	No. (C)	% (C / A)
DIFFERENTLY ABLED EMPLOYEES						
1.	Permanent (D)					
2.	Other than Permanent (E)					
3.	**Total differently abled employees (D + E)**					

DIFFERENTLY ABLED WORKERS						
4.	Permanent (F)					
5.	Other than Permanent (G)					
6.	**Total differently abled workers (F + G)**					

Notes:-

1. *Here, the entity is required to disclose the details related to its Differently abled employees and Workers.*
2. *Differently abled employees / workers may be identified on the basis of the definition of "persons with disabilities" in The Rights of Persons with Disabilities Act, 2016 and rules made thereunder.*
3. *The entity should provide details as at the end of the reporting period; however, in case there is any significant change in the number of employees / workers from the beginning to the end of the reporting period, the reasons for the same should be indicated.*
4. *The meaning of all other words remains the same, as explained in respect of the above disclosure requirement.*

21. Participation/Inclusion/Representation of women

	Total (A)	No. and percentage of Females	
		No. (B)	% (B / A)
Board of Directors			
Key Management			
Personnel			

Notes:-

1. *Under this field the entity is required to disclose the details of Female BODs and KMPs. This disclosure requirement will enable users to understand the involvement of entity in uplifting women of nation.*
2. *Board of Directors or Board as defined under Sec2(10) of the Companies Act 2013, in relation to a company, means the collective body of the directors of the company.*
3. *Key Management Personnel as defined under Sec 2(51) of the Companies Act 2013, in relation to a company, means—*
   - *(i) the Chief Executive Officer or the managing director or the manager;*
   - *(ii) the company secretary.*
   - *(iii) the whole-time director;*
   - *(iv) the Chief Financial Officer; and such other officer as may be prescribed Reference- http://ebook.mca.gov.in/default.aspx*

22. Turnover rate for permanent employees and workers (Disclose trends for the past 3 years)

	FY (Turnover rate in current FY)			FY (Turnover rate in previous FY)			FY (Turnover rate in the year prior to the previous FY)		
	Male	Female	Total	Male	Female	Total	Male	Female	Total

Notes:-

1. *Under this field, the entity shall disclose turnover rates for the specified categories.*
2. *The entity shall calculate the turnover rate for a financial year, for a particular category, based on the following formula:*

   *(No. of persons who have left the employment of the entity in the FY *100) / Average no. of persons employed in the category)*

3. *Average number of persons employed in a category shall be calculated as (Persons employed in the category at the beginning of FY + Persons employed in the category at the end of FY) / 2.*

   Further, persons leaving the employment of the entity shall include those who leave the entity voluntarily or due to dismissal, termination, retirement, or death in service.

[PART – 5] Holding, Subsidiary and Associate Companies (including joint ventures): -

Under part 5 of Section A, the entity is required to disclose about its Holding, Subsidiary and Associates companies.

23. (a) Names of holding / subsidiary / associate companies / joint ventures

S. No.	Name of the holding/ subsidiary/ associate companies/ joint ventures (A)	Indicate whether holding/ Subsidiary/ Associate/ Joint Venture	% of shares held by listed entity	Does the entity indicated in column A, participate in the Business Responsibility initiatives of the listed entity? (Yes/No)

Notes: -

1. *As defined under Sec 2(10) of the Companies Act 2013, "associate company", in relation to another company, means a company in which that other company has a significant influence, but which is not a subsidiary company of the company having such influence and includes a joint venture company.*

   Explanation—For the purpose of this clause—

   i. *the expression "significant influence" means control of at least twenty per cent of total voting power, or control of or participation in business decisions under an agreement;*

   ii. *the expression "joint venture" means a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement;*

2. *As defined under Sec 2 (46) of the Companies Act 2013, holding company", in relation to one or more other companies, means a company of which such companies are subsidiary companies;*

   Explanation—For the purposes of this clause, the expression "company" includes anybody corporate.

3. *As defined under Sec 2(87) of the Companies Act 2013, subsidiary company or subsidiary, in relation to any other company (that is to say the holding company), means a company in which the holding company—*

   i. *controls the composition of the Board of Directors; or*

   ii. *Exercises or controls more than one-half of the total voting power either at its own or together with one or more of its subsidiary companies:*

   iii. *Explanation—For the purposes of this clause, —*

   iv. *a company shall be deemed to be a subsidiary company of the holding company even if the control referred to in sub- clause (i) or sub-clause (ii) is of another subsidiary company of the holding company;*

   v. *the composition of a company's Board of Directors shall be deemed to be controlled by another company if that other company by exercise of some power exercisable by it at its discretion can appoint or remove all or a majority of the directors;*

   vi. *the expression "company" includes anybody corporate.*

   vii. *"layer" in relation to a holding company means its subsidiary or subsidiaries.*

   Reference-http://ebook.mca.gov.in/default.aspx

[PART – 6] CSR Details: -

Under Part 5 of Section A, a company needs to disclose whether provisions of CSR are applicable to a company or not, as per Companies Act 2013.

24. (i) Whether CSR is applicable as per section 135 of Companies Act, 2013: (Yes/No)

    (ii) Turnover (in Rs.)

    (iii) Net worth (in Rs.)

Notes: -

1. *Corporate Social Responsibility (CSR) implies a concept, whereby companies decide voluntarily to contribute to a better society and a cleaner environment – a concept, whereby the companies integrate social and other useful concerns in their business operations for the betterment of their stakeholders and society in general in a voluntary way.*

   Basically, "Corporate Social Responsibility" means and includes but is not limited to:

   - *Projects or program relating to activities specified in Schedule VII to The Act*
   - *Projects or program relating to those activities which are undertaken by the Board of directors of a company in ensuring the recommendation of the CSR Committee of the Board as per declared CSR Policy of the Company along with the conditions that such policy will cover subjects specified in Schedule VII of the Act*

2. *Every company having net worth of rupees five hundred crore or more, or turnover of rupees one thousand crore or more or a net profit of rupees five crore or more during 2[the immediately preceding financial year] shall constitute a Corporate Social Responsibility Committee of the Board consisting of three or more directors, out of which at least one director shall be an independent director.*

3. *The Board's report under sub-section (3) of section 134 shall disclose the composition of the Corporate Social Responsibility Committee.*

4. *The Corporate Social Responsibility Committee shall, -*

   (a) formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the company 4[in areas or subject, specified in Schedule VII];

   (b) recommend the amount of expenditure to be incurred on the activities referred to in clause (a); and

   (c) monitor the Corporate Social Responsibility Policy of the company from time to time.

   For details, refer to Section 135 of the Companies Act 2013.

[PART – 7] Transparency and Disclosures Compliances: -

25. Complaints/Grievances on any of the principles (Principles 1 to 9) under the National Guidelines on Responsible Business Conduct:

Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in Place (Yes/No) (If yes, then provide web-link for grievance redress policy)	FY Current Financial Year			FY Previous Financial Year		
		Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks	Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks
Communities							
Investors							
(other than shareholders)							
Shareholders							
Employees and workers							
Customers							
Value Chain Partners							
Other (please specify)							

Notes: -

1. *Stakeholders are individuals or groups concerned or interested with or impacted by the activities of the businesses and vice versa, now or in the future. Typically, stakeholders of a business include, but are not limited to, its investors, shareholders, employees and workers (and their families), customers, communities, value chain members and other business partners, regulators, civil society actors, and media.*

2. *Grievance Redressal Mechanism refers to a mechanism for any stakeholder individually or collectively to raise and resolve reasonable concerns affecting them without impeding access to other judicial or administrative remedies. The mechanism should be:*

   - *Transparent and unbiased governance structures*
   - *Accessible*
   - *Based on dialogue and mediation*

3. *An organization's value chain encompasses the full range of an organization's upstream and downstream activities that convert input into output by adding value. It includes entities with which the organization has a direct or indirect business relationship and which either (a) supply products or a service that contributes to the organization's own products or services, or (b) receive products or services from the organization.*

26. Overview of the entity's material responsible business conduct issues

The entity is required to indicate material responsible business conduct and sustainability issues pertaining to environmental and social matters that present a risk or an opportunity to your business, rationale for identifying the same, approach to adapt or mitigate the risk along-with its financial implications, as per the following format.

S. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk/ opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)

Notes: -

1. *Sustainability is one of the defining challenges of our lifetime. It is also the innovation opportunity of a generation to create long-term shareholder, consumer, employee, and societal value.*

   Sustainability as per National Guidelines on Responsible Business Conduct is defined as the outcome achieved by balancing the social, environmental, and economic impacts of business. It is the process that ensures that business goals are pursued without compromising any of the three elements.

2. *Under this section, the entity shall disclose the material responsible business conduct and sustainability issues pertaining to environmental and social matters that present a risk or an opportunity to its business, along-with the following:*

   - *Classify the risk / opportunity as environment or social and provide its description. For instance, risk arising from climate change can include impact on operations, worker health, demand for products or services etc. Climate change opportunities can include cost savings through resource efficiency, development of new products and services, access to new markets etc.*

   - *Rationale for identifying the risk, which may include a description of the impact associated with the risk or opportunity.*

- *In case of identified risks, approach to mitigate or adapt to the risk.*
- *Indicate the positive and negative impact of such a risk or opportunity on the financials of the company. The company shall make qualitative disclosures in this regard and should not include any forward-looking quantitative information. However, in the case of previous years, impact can be disclosed in quantitative terms. The entity may consider impact on parameters such as demand for products & services/ capital or operational costs/, investment opportunities etc.*

b. BRSR - Section B: Management and Process Disclosures

This section contains questions related to policy and management processes, governance, leadership, and oversight. The Company is required to provide details about policies implemented to cover each principle and how the Management conducts the affairs of the business and protects the interest of its stakeholders.

It must also mention the process by which the Top Management reviews compliance with statutory requirements of relevance to the principles and rectifies any non-compliance. This section is aimed at helping businesses demonstrate the structures, policies and processes put in place towards adopting the NGRBC Principles and Core Elements.

The disclosure requirements are as follows.

Disclosure Questions **Policy and management processes**	**P1**	**P2**	**P3**	**P4**	**P5**	**P6**	**P7**	**P8**	**P9**
1. a. Whether your entity's policy/ policies cover each principle and its core elements of the NGRBCs. (Yes/No)									
b. Has the policy been approved by the Board? (Yes/No)									
c. Web Link of the Policies, if available									
2. Whether the entity has translated the policy into procedures. (Yes / No)									
3. Do the enlisted policies extend to your value chain partners? (Yes/ No)									
4. Name of the national and international codes/certifications/ labels/ standards (e.g. Forest Stewardship Council, Fairtrade, Rain Forest Alliance, Trustea) standards (e.g. SA8000, OHSAS, ISO, BIS) adopted by your entity and mapped to each principle.									

Disclosure Questions Policy and management processes	P1	P2	P3	P4	P5	P6	P7	P8	P9
5. Specific commitments, goals, and targets set by the entity with defined timelines, if any.									
6. Performance of the entity against the specific commitments, goals, and targets along-with reasons in case the same are not met.									
Governance, leadership, and oversight									
7. Statement by director responsible for the business responsibility report, highlighting ESG related challenges, targets and achievements (listed entity has flexibility regarding the placement of this disclosure)									
8. Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy (ies).									
9. Does the entity have a specified Committee of the Board/ Director responsible for decision making on sustainability related issues? (Yes / No). If yes, provide details.									

10. Details of Review of NGRBCs by the Company:

Subject for Review	Indicate whether review was undertaken by Director / Committee of the Board/ Any other Committee									Frequency (Annually/ Half yearly/ Quarterly/ Any other – please specify)								
	P1	P2	P3	P4	P5	P6	P7	P8	P9	P1	P2	P3	P4	P5	P6	P7	P8	P9
Performance against above policies and follow up action																		
Compliance with statutory requirements of relevance to the principles, and, rectification of any non-compliances																		

11.

Has the entity carried out independently? Assessment/ evaluation of the working of its policies by an external agency? (Yes/No). If yes, provide name of the agency.	P1	P2	P3	P4	P5	P6	P7	P8	P9

12. If answer to question (1) above is "No" i.e. not all Principles are covered by a policy, reasons to be stated:

Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
The entity does not consider the principles material to its business (Yes/No)									
The entity is not at a stage where it is in a position to formulate and implement the policies on specified principles (Yes/No)									
The entity does not have the financial or/human and technical resources available for the task (Yes/No)									
It is planned to be done in the next financial year (Yes/No)									
Any other reason (please specify)									

Notes: -

1. ***Q1 (a) Whether your entity's policy/policies cover each principle and its core elements of the NGRBCs. (Yes/No)***

   Under this field the entity needs to disclose whether its business policy documents are sufficient to cover all the nine principles prescribed by NGRBC.

   This disclosure requirement will enable users to understand whether the entity is having set policies for conduct of its business in ethical and sustainable manner. Having policy and its operation throw-out the organization will help the entity in achieving its sustainability goals.

2. ***Q1 (c) Web Link of the Policies, if available.***

   The entity is supposed to provide web links for the policies that cover principles specified by the NGBRC. However, the SEBI has not made this mandate for the entities, the entities are supposed to provide weblinks it weblink is available.

   But for better reporting and enabling users to understand that the organization is on the path of sustainable growth, the entity should provide weblinks for its policies.

3. ***Q2 Whether the entity has translated the policy into procedures. (Yes / No)***

   What are Procedures:- *an established or official way of doing something.*

   Procedures offer steps or instructions for how to complete a project or task. A procedure is a method for completing something with steps and instructions for each aspect of the task. Procedures often stay consistent once they're established to maintain a general understanding of what employees should do in various circumstances. People who write procedures also typically make them as specific as possible so employees can follow them easily and so new hires can use them to learn how the office operates. Different procedures can apply to each part of a business, but you might come across procedures in places like training manuals, information sessions and guided tutorials.

   Under this question the entity is required to disclose that whether the policies disclosed above are in operation throughout the organization or not and are they converted into detailed series of actions so that it can be applied throughout the organization and the responsible officials at different levels can conduct their operations accordingly.

4. ***Q4 Name of the national and international codes/certifications/ labels/ standards (e.g. Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustea) standards (e.g. SA 8000, OHSAS, ISO, BIS) adopted by your entity and mapped to each principle.***

   Under this field the entity needs to disclose details about various certifications that have been issued by regulators to the listed entity. This will enable users to understand whether the entity is conducting its operations in an ethical and sustainable manner, as the certifications issued by different regulators are evidences that entity is working ethically.

5. ***Q5 Specific commitments, goals and target set by the entity with defined timelines, if any.***

6. ***Q6 Performance of the entity against the specific commitments, goals and targets along-with reasons in case the same are not met***

   1. *Under this field, the entity may disclose if it has any specific commitment, goal or target against any of the principles. Such disclosures may include the following:*

      - *Baseline and context for goals and targets*
      - *Entities covered such as subsidiaries / associates / joint ventures / value chain partners*
      - *Expected result or outcome, in quantitative or qualitative terms*
      - *Expected timeline for achieving each goal and target*
      - *Whether goals and targets are mandatory (based on legislation) or voluntary. If they are mandatory, the organization should list the relevant legislation.*

2. *The entity shall state the performance achieved against each goal or target. Any change in goals regarding timelines, partial achievement of a goal or delay in achievement should also be specifically indicated, and where possible, with reasons.*

3. *The entity need not strictly follow the tabular format for this disclosure. The issues for each principle can be covered in a running format.*

7. ***Q7 Statement by director responsible for the business responsibility report, highlighting ESG related challenges, targets and achievements.***

    1. *The listed entity shall include a statement from the director who is responsible for preparation of the report, highlighting the relevance of sustainability to the organization. Such statement can include the following:*

        - *The overall vision and strategy of the organization for the short-term, medium- term, and long-term, with respect to managing the significant environmental and social impacts that the organization causes, contributes to, or that are directly linked to its activities, products or services.*
        - *Strategic priorities and key topics for the short and medium-term with respect to sustainability*
        - *Broader trends influencing the sustainability priorities of the entity Key events, achievements, and failures during the reporting period.*
        - *Views on performance with respect to targets*
        - *Outlook on the organization's main challenges and targets*
        - *Any other items pertaining to the organization's strategic approach.*

    2. *The listed entity can place this disclosure at the beginning of the report or under Section B.*

8. ***Q8 Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy (ies).***

    1. *For the policies disclosed at Question 1 of Section B, the entity shall disclose the highest executive authority in the organization who is responsible for their implementation and highest authority responsible for oversight. Such authority could be a director of the board, committee of the board, senior management personnel or a committee of employees.*

    2. *In case a committee is the highest authority, then the composition of the committee shall be disclosed, including the following: name of individuals, designation and in case of director, DIN and category (Chair / ED / NED / ID).*

3. *In case an individual is the highest authority, the name, designation and in case of director, DIN and category (Chair / ED / NED / ID) shall be disclosed.*

4. *In case, different authorities are responsible for the implementation of different policies, the same may be indicated.*

9. ***Q8 Does the entity have a specified Committee of the Board/ Director responsible for decision making on sustainability related issues? (Yes / No). If yes, provide details.***

a. *The entity shall indicate 'Yes' if it has a specified Committee of the Board or a director of the Board of the entity who is responsible for decision making on sustainability related issues.*

b. *In case a Committee of the Board is responsible, its composition shall be disclosed, including the following: name of individual, designation and in case of director, DIN and category (Chair / ED / NED / ID). In case a director is responsible, DIN and category (Chair / ED / NED / ID) shall be disclosed.*

c. *In case the response to this question is the same as that to question 8, the entity need not repeat its response and can cross-refer to the same.*

c. BRSR - Section C: Principle wise performance disclosure

This section is aimed at helping entities demonstrate their performance in integrating the Principles and Core Elements with key processes and decisions. The information sought is categorized as "Essential" and "Leadership". While the essential indicators are expected to be disclosed by every entity that is mandated to file this report, the leadership indicators may be voluntarily disclosed by entities which aspire to progress to a higher level in their quest to be socially, environmentally, and ethically responsible.

In other words, companies are required to report upon key performance indicators (KPls) in alignment with the nine principles of the National Guidelines on Responsible Business Conduct (NGRBC). NGRBC The section classifies KPl's into two sub-categories that companies are required to report upon:

- **Essential indicators (mandatory):** KPls include data on training programs conducted, environmental data on energy, emissions, water and waste, social impact generated by the company, etc.
- **Leadership indicators (voluntary):** Companies are expected to comply with these indicators for better accountability and responsible purposes. Some of the KPls include data on life cycle assessments (LCAs), details on conflict management policy, additional data on biodiversity, breakup of energy consumption, emissions and supply chain disclosures.

A set of requirements are provided with each Principle, and they are essential to meet the essence of the corresponding Principle. The principles are all related, complement each other, non-divisible, and the expectation from the organization is that they take up the requirements and principles holistically. India being a confluence of several diverse communities and cultures, the context of every organization may be very different to another. When the organizations have these principles implemented, they are required to approach them with sensitivity regarding social features such as caste, race, ethnicity, gender, age, religion, and class so as not to trigger a feeling of marginalization or discrimination.

PRINCIPLE- 1 (Reporting of Good Governance)

Businesses should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent and Accountable.

The first principle is about the governance structure of the organization. It should be based on ethical ways of doing business with integrity and accountability. It is based on the organization's need to be truthful and transparent to its stakeholders and make all information about the decisions taken on matters that affect them accessible to them. This also emphasizes that the structure of governance is in line with the ***UN Sustainable Goal 16 for Peace, Justice, and Strong Institutions.*** The core elements of the principle are all about the way governance structure is to be made.

The governing structure of the organization should:

- Formulate a system of policies and procedures that promote the principle and prevent misuse by effective actions.
- Make sure that the principles of the guideline are made available, communicated, trained, and implemented in every function and operation of the organisation.
- Encourage the implementation of this principle in the overall value chain of the business.
- Transparently report and make available the information to all the stakeholders and affected parties. This information should cover the strategies, policies, procedures, practices, financial and non-financial performance, such as pollution, resource usage, affected environment and communities.
- Comply with all the legal and statutory requirements and obligations, facilitate fair competition, and treat stakeholders with equality and justice.
- Deal strictly with third parties that violate or dilute the principle.
- Have a system that identifies and avoids all kinds of conflicts of interests among the stakeholders.
- Have a system that prevents illegal and unfair practices and ensures actions against violations.
- Ensure timely payment of all taxes, levies, and duties relating to the business.

The disclosure requirements of Principle 1 of NGBRC are as follows: -

Essential Indicators

The essential indicators are expected to be disclosed by every entity that is mandated to file this report, the leadership indicators may be voluntarily disclosed by entities which aspire to progress to a higher level in their quest to be socially, environmentally, and ethically responsible.

The disclosure requirements as per **Essential Indicators** with respect to Principle 1 are as follows: -

1. Percentage coverage by training and awareness programmes on any of the principles during the financial year:

Segment	Total number of training and awareness programmes held	Topics / principles covered under the training and its impact	%age of persons in respective category covered by the awareness programmes
Board of directors			
Key Managerial Personnel			
Employees other than BOD's & KMP's			
Workers			

Notes: -

1. *Every day, there are new technologies, applications, and software being introduced as upgraded solutions for improvement and progress. This means that there is going to be a continuous skill gap that will need to be addressed. Employee training is an effective way of ensuring that.*

   Through training, employees can upskill and improve their performance at work. Even well-qualified professionals have to go through training as all organizations have specific requirements from each role, and any prior knowledge may not necessarily cut it. Constantly learning through various methods as and when required is the best option in these professional environments.

   Training is not just meant for the newly recruited but also for the existing workforce. It is vital to be trained before the initial phase of any new project to ensure that everyone on the team is on the same page and well-prepared for the project and its challenges.

   Training is a worthwhile investment even if it demands spending money, time, and other resources. To understand why training is important, let's explore the list of benefits of training to an organization.

2. *These are a group of people who are in charge of managing the operations of a Company; they are responsible for the planning, directing and controlling the functioning of a Company. They are the first point of the contract between the company and its Stakeholders.*

According to Section 2(51) of the Companies Act 2013, Key Managerial Personnel in a Company are: -

- *Chief executive Officer (CEO) OR the Managing Director.*
- *Chief Financial Officer (CFO).*
- *Manager*
- *Company Secretary (CS)*
- *Whole-Time Director*

3. *Here the entity needs to disclose about training and awareness programs conducted in the financial year for its employees including BOD's & KMP's and its Workers.*

4. *This discourse requirement will enable users to ascertain the social responsibility of the company, how much the company is committed to the growth and development of its members including its employees and workers.*

2. Details of fines/penalties/punishment/award/compounding fees/ settlement amount paid in proceedings (by the entity or by directors / KMPs) with regulators/ law enforcement agencies/judicial institutions, in the financial year, in the following format (Note: the entity shall make disclosures based on materiality as specified in Regulation 30 of SEBI (Listing Obligations and Disclosure Obligations) Regulations, 2015 and as disclosed on the entity's website):

Monetary					
	NGRBC Principle	**Name of the regulatory/ enforcement agencies/ judicial institutions**	**Amount (in INR)**	**Brief of the Case**	**Has an appeal been preferred? (Yes/No)**
Penalty / Fine					
Settlement					
Compounding Fee					
Non-Monetary					
	NGRBC Principle	**Name of the regulatory/ enforcement agencies/ judicial institutions**	**Brief of the case**		**Has an appeal been preferred? (Yes/No)**
Imprisonment					
Punishment					

Notes:-

1. *Under this field, the entity shall make disclosures on the basis of materiality as specified in Regulation 30 of SEBI (Listing Obligations and Disclosure Obligations) Regulations, 2015 and as disclosed on the entity's website.*

2. ***Regulation 30 of SEBI (Listing Obligations and Disclosure Obligations) Regulations - Disclosure of events or information.***

   30. (1) Every listed entity shall make disclosures of any events or information which, in the opinion of the board of directors of the listed company, is material.

   (2) Events specified in Part A of Schedule III. are deemed to be material events and the listed entity shall make disclosure of such events.

   (3) The listed entity shall make disclosure of events specified in Para B of Part A of Schedule III, based on application of the guidelines for materiality, as specified in sub-regulation (4).

   (4) (i) The listed entity shall consider the following criteria for determination of materiality of events/ information:

   (a) the omission of an event or information, which is likely to result in discontinuity or alteration of event or information already available publicly; or

   (b) the omission of an event or information is likely to result in significant market reaction if the said omission came to light at a later date;

   (c) In case where the criteria specified in sub-clauses (a) and (b) are not applicable, an event/information may be treated as being material if in the opinion of the board of directors of listed entity, the event / information is considered material.

   (ii) The listed entity shall frame a policy for the determination of materiality, based on criteria specified in this sub-regulation, duly approved by its board of directors, which shall be disclosed on its website.

   (5) The board of directors of the listed entity shall authorize one or more Key Managerial Personnel for the purpose of determining materiality of an event or information and for the purpose of making disclosures to stock exchange(s) under this regulation and the contact details of such personnel shall be also disclosed to the stock exchange(s) and as well as on the listed entity's website.

   (6) The listed entity shall first disclose to stock exchange(s) of all events, as specified in Part A of Schedule III, or information as soon as reasonably possible and not later than twenty-four hours from the occurrence of event or information:

Provided that in case the disclosure is made after twenty-four hours of occurrence of the event or information, the listed entity shall, along with such disclosures provide explanation for delay:

Provided further that disclosure with respect to events specified in sub-para 4 of Para A of Part A of Schedule III shall be made within the timelines specified therein.

(7) The listed entity shall, with respect to disclosures referred to in this regulation, make disclosures updating material developments on a regular basis, till such time the event is resolved/closed, with relevant explanations.

(8) The listed entity shall disclose on its website all such events or information which has been disclosed to stock exchange(s) under this regulation, and such disclosures shall be hosted on the website of the listed entity for a minimum period of five years and thereafter as per the archival policy of the listed entity, as disclosed on its website.

(9) The listed entity shall disclose all events or information with respect to subsidiaries which are material for the listed entity.

(10) The listed entity shall provide specific and adequate reply to all queries raised by stock exchange(s) with respect to any events or information:

Provided that the stock exchange(s) shall disseminate information and clarification as soon as reasonably practicable.

(11) The listed entity may on its own initiative also, confirm or deny any reported event or information to stock exchange(s).

(12) In case where an event occurs or an information is available with the listed entity, which has not been indicated in Para A or B of Part A of Schedule III, but which may have material effect on it, the listed entity is required to make adequate disclosures in regard thereof.

3. Disclosures with respect to such information will enable the users of financial statements to ascertain, how much the entity is committed towards compliances of applicable statutory requirements,

3. Of the instances disclosed in Question 2 above, details of the Appeal/ Revision preferred in cases where monetary or non-monetary action has been appealed.

Case Details	Name of the regulatory/ enforcement agencies/ judicial institutions

Notes:-

1. *An appeal is asking a higher court to review and if needed, to reverse the decision of the lower court and to turn it in the losing party's favor after the final judgment has been given. The losing party has to quote legal reasons as to why it feels the judgment of the lower court was wrong and why it should be overturned by the higher court. The losing party and the appellant here must show the errors or mistakes that were committed during the previous trial.*

2. *Revision is a new prospect for the resolution of law. It means re-examining the case involving improper inference, non-exercise or inappropriate jurisdictional exercise. Where no appeal lies for a case, which is decided by the subordinate court, Section 115 of the Code of Civil Procedure gives the High Court the power to revise the matter. This jurisdiction is known as the High Court's revisional jurisdiction. Revision refers to reviewing or scrutinizing with a view to correct or to improve.*

3. *In cases where fines/ penalties have been impugned, details of the Appeal/ Revision preferred be given as regards each principle of NGBRC.*

4. Does the entity have an anti-corruption or anti-bribery policy? If yes, provide details in brief and if available, provide a web-link to the policy.

Notes: -

1. *The Anti-bribery and corruption policy establishes principles that must govern our conduct in order to:*

   a) *conform to the anti-corruption laws and*

   b) *more broadly, reinforce our intention and obligation to act honestly and ethically in all of our business dealings.*

2. *This policy should apply to all employees in wholly and majority-owned entities of Principal.*

3. *The Compliance Committee should oversee the assessment of bribery and corruption risks across the enterprise, as well as, evaluating controls, consulting, and reporting to senior management and the board of directors regarding anti-bribery and corruption (AB&C) risks.*

4. *Bribery and corruption are not only against ethics and values; they are illegal and can expose both the employee and the company to fines and penalties, including imprisonment and reputational damage.*

5. *At Principal, bribery is never permitted. One should not seek to influence others, either directly or indirectly, by offering, paying, or receiving bribes or kickbacks, or by any other means that is considered unethical, illegal, or harmful to our reputation of honesty and integrity. Employees and representatives of the company are expected to decline any opportunity which would place our ethical principles and reputation at risk.*

6. *Bribery is offering, giving, or receiving anything of value with the intention of inducing a person to act or to reward a person for having acted. This includes kickbacks—giving a payment to someone who helps facilitate a transaction. It's important to understand that a corrupt act has occurred even if:*

   ✓ *A bribe does not succeed.*

   ✓ *A person authorizes or provides direction for a bribe, but no bribe is ultimately offered or paid.*

   "Anything of value" includes, but is not limited to:

   ✓ Cash, cash equivalents (such as gift certificates/cards), stock, personal property, and assumption or forgiveness of a debt.

   ✓ Gifts, meals, entertainment, and travel—any corporate travel, gifts, entertainment, and meals must be proportionate to the occasion and comply with the gift & entertainment policy/standards applicable to your location.

   ✓ Political contributions.

   ✓ Charitable contributions—if made to a charity at the direct request of a government official or private business partner, it could be considered an indirect bribe made in order to obtain or retain business or to secure other improper business advantage.

   ✓ Job offers or internship awards—offers to government officials (or their relatives) can present a risk of violating anti-bribery or anticorruption laws and regulations. Compliance must be consulted prior to making such offers.

7. *Corruption is dishonest or fraudulent conduct by those in power, typically involving bribery.*

8. *The disclosure on the anti-corruption or anti- bribery policy may include the following:*

   - *Risk assessment procedures and internal controls*
   - *Mechanism to deal with complaints on bribery / corruption*
   - *Coverage of trainings on anti-corruption issues*

5. **Number of Directors/KMPs/employees/workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/ corruption:**

	FY___ (Current Financial Year)	FY___ (Previous Financial Year)
Directors		
KMPs		
Employees		
Workers		

Notes:-

1. *The entity is required to provide disclosures about Directors/KMPs/ Employees/Workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/corruption during the current or previous financial year.*

2. *There is no universal definition of bribery, but all definitions have in common that it involves someone in an appointed position acting voluntarily in breach of trust in exchange for a benefit. The benefit does not have to involve cash or a payment exchanging hands. It can take many forms such as lavish gifts, hospitality and expenses, access to assets or a favor made to a relative, friend or favored cause.*

   ***One can define bribery as:** the offering, promising, giving, accepting, or soliciting of an advantage as an inducement for an action which is illegal, unethical or a breach of trust. Inducements can take the form of money, gifts, loans, fees, rewards, or other advantages (taxes, services, donations, favors etc.)*

3. ***Corruption** is dishonest behavior by those in positions of power, such as managers or government officials. Corruption can include giving or accepting bribes or inappropriate gifts, double-dealing, under-the-table transactions, manipulating elections, diverting funds, laundering money, and defrauding investors.*

6. **Details of complaints regarding conflict of interest:**

7.

	FY___ (Current Financial Year)		FY___ (Previous Financial Year)	
	Number	**Remarks**	**Number**	**Remarks**
Number of complaints received in relation to issues of Conflict of Interest of the Directors				
Number of complaints received in relation to issues of Conflict of Interest of the KMPs				

Notes:-

1. *A conflict of interest in business normally refers to a situation in which an individual's personal interests' conflict with the professional interests owed to their employer or the company in which they are invested. A conflict of interest arises when a person chooses personal gain over the duties to an organization in which they are a stakeholder or exploits their position for personal gain in some way.*
2. *All corporate board members have fiduciary duties and a duty of loyalty to the corporations they oversee. If one of the directors chooses to take action that benefits them to the detriment of the firm, they are harming the company with a conflict of interest.*
3. *Here, the company is required to disclose cases of conflicts of interest identified during the current or previous financial years in relation to directors and KMPs.*

8. Provide details of any corrective action taken or underway on issues related to fines / penalties / action taken by regulators/ law enforcement agencies/ judicial institutions, on cases of corruption and conflicts of interest.

Notes:-

1. *Here the entity needs to provide disclosures with respect to corrective actions taken or underway on the issues related to fines/ penalties / action taken by regulators/ law enforcement agencies/ judicial institutions, on cases of corruption and conflicts of interest. Such disclosures will enable the users of financial statements to identify how prompt the entity is working towers taking corrective actions wherever required in the business.*

8. Number of days of accounts payables ((Accounts payable *365) / Cost of goods/services procured) in the following format:

	FY _____ (Current Financial Year)	**FY _____ (Previous Financial Year)**
Number of days of accounts payables		

The Number of days of accounts payables is a financial metric that measures the average number of days that a company takes to pay its invoices and bills. It is calculated by dividing the total accounts payable balance by the cost of goods/ services procured over a period of time, and then multiplying by 365 days.

9. Open-ness of business

Provide details of concentration of purchases and sales with trading houses, dealers and related parties along-with loans and advances & investments, with related parties, in the following format:

Parameter	Metrics		FY _____ (Current Financial Year)	FY _____ (Previous Financial Year)
Concentration of Purchases	a.	Purchases from trading houses as % of total purchases		
	b.	Number of trading houses where purchases are made from		
	c.	Purchases from top 10 trading houses as % of total purchases from trading houses		
Concentration of Sales	a.	Sales to dealers / distributors as % of total sales		
	b.	Number of dealers / distributors to whom sales are made		
	c.	Sales to top 10 dealers / Distributors as % of total sales to dealers / distributors		
Share of RPTs in	a.	Purchases (Purchases with related parties / Total Purchases)		
	b.	Sales (Sales to related parties / Total Sales)		
	c.	Loans & advances (Loans & advances given to related parties / Total loans & advances)		
	d.	Investments (Investments in related parties / Total Investments made)		

Leadership Indicators

Leadership indicators are indicators which may be voluntarily disclosed by entities which aspire to progress to a higher level in their quest to be socially, environmentally, and ethically responsible.

Disclosure requirements with respect to **Leadership Indicators** prescribed in Principle 1 of NGRBC are as follows: -

1. **Awareness programmes conducted for value chain partners on any of the principles during the financial year:**

Total number of awareness programmes held	Topics/Principles covered under the training	% Age of value chain partners covered (by value of business done with such partners) under the awareness programmes

Notes: -

1. *Companies often perceive undertaking sustainability measures to be a cost center for their organization. However, contrary to these perceptions there are several compelling business reasons to take action to improve the social and environmental impacts throughout the value chain. Immense business value can be added and shared through a comprehensive and integrated approach towards a sustainable value chain. Enumerated below are some of the important business reasons, which cuts across all lines of business:*

   ✓ ***Cost Efficiencies:*** *Working with suppliers/contractors (both upstream and downstream) to improve efficiencies in resource consumption, and driving out process inefficiencies results in clear cost savings and helps improving the performance of the business' own operations.*

   ✓ ***Opening up to Newer Markets:*** *The natural fall out of cost efficiencies is opportunities to grow, for both, the company as well as the suppliers.*

   ✓ ***Managing Risks:*** *By developing a 'clean and green' value chain, regulatory, operational, and reputational risks can be mitigated.*

   ✓ ***Sustaining Brand Equity:*** *The demands and expectations of external stakeholders are changing regulators, investors, customers, and civil society are expecting more responsible conduct and transparency from corporates, from 'cradle to grave'. Any questionable act, in any part of the product life cycle, can adversely affect growth in sales, legal tangles and most importantly the image of the organization.*

2. Does the entity have processes in place to avoid/ manage conflict of interests involving members of the Board? (Yes/No) If yes, provide details of the same.

Notes:-

1. *Conflict of interest refers to a situation where an individual is confronted with choosing between the requirements of his or her function and his or her own private interests.*

   The entity shall disclose whether there are processes to ensure that conflicts of interests involving members of the Board/ KMPs are avoided or managed along with details of such processes.

2. *Here the entity is required to disclose whether they have sufficient policies or procedures in place to prevent or detect and correct any of such instances.*

PRINCIPLE -2 (Reporting of Environmentally Sustainable Business)

Businesses should provide goods and services in a manner that is sustainable and safe: -

The second principle is related to the ***UN Sustainable Goal 12 for production and consumption of resources.*** It focuses on protecting earth's natural resources by responsible consumption, efficient production creating value adding products with reduced impacts to the environment and society throughout the product life cycle from concept to disposal. The core idea is to have circularity in the operations to have material sustainability in the whole value chain and to –

- Encourage resource-efficient and low carbon-emitting methods and technologies for the design and manufacture of products and services, lowering environmental and social impacts.
- Provide adequate and accurate information to the stakeholders about the impacts to the environment and society due to the product or service throughout the lifecycle from concept to disposal. This can be done though product labeling, company websites, advertisements, and promotional programs.
- Make efforts to take back the waste generated such as, the used packaging or the spent consumables, reuse or recycle, or dispose them without affecting the environment or people.

The disclosure requirements as per **Essential Indicators** with respect to Principle 2 are as follows: -

Essential Indicators

The essential indicators are expected to be disclosed by every entity that is mandated to file this report, the leadership indicators may be voluntarily disclosed by entities which aspire to progress to a higher level in their quest to be socially, environmentally, and ethically responsible.

1. Percentage of R&D and capital expenditure(capex) investments in specific technologies to improve the environmental and social impacts of product and processes to total R&D and capex investments made by the entity, respectively.

	Current Financial Year	**Previous Financial Year**	**Details of improvements in environmental and social impacts**
R&D			
Capex			

Notes:-

1. *Every stage of the life cycle of a cosmetic or family healthcare product generates impacts on the environment.*

   No product, even if it claims to be "green" or "environmentally friendly," is entirely neutral regarding the environment. That's because all products need raw materials and energy to produce and transport them, and sometimes to use them as well; and one day, they become waste, which needs to be recycled or disposed of.

   All of that generates impacts on the environment to some degree, and those impacts affect the quality of the air, water, natural resources, and human health. By studying a product's life cycle and quantifying each of those impacts very precisely, we identify leverage for reducing them to the absolute minimum.

2. *A product may affect the environment in undermentioned ways: -*

   Carbon footprint

   Corresponds to the amount of greenhouse gas (CO2) emitted throughout the product's life cycle. CO2 emissions contribute to global warming and climate change: cutting them is therefore essential.

   Water footprint

   Corresponds to the amount of water used to produce a product's components and packaging, and for its manufacture, as well as the water consumed when it is used.

   Aquatic ecotoxicity

   Refers to the pollution sustained by water bodies and aquatic ecosystems due to the ingredients found in wastewater, regardless of whether it comes from a product's manufacture or end-of-life treatment, and the wastewater from your shower released by water treatment plants... This pollution leads to eutrophication, i.e. an accumulation of nutrients in aquatic environments and, consequently, an overabundance of plants and algae, followed by oxygen depletion which eventually "chokes" the entire ecosystem. Certain species disappear and the water body may gradually dry up.

Hence, here the entity is required to disclose the percentage of R&D and Specific Capital Expenditure incurred for the purpose of improvement of the environment.

2. a. *Does the entity have procedures in place for sustainable sourcing? (Yes/No)*

   b. *If yes, what percentages of inputs were sourced sustainably?*

Notes: -

1. *The concept of sustainable sourcing, also known as green purchasing or social sourcing, is nothing new. Sustainable sourcing is impacting nearly every area of corporate business and the consumer's mindset. Everything from sourcing materials, talent attraction and consumer purchasing habits is changing because of sustainable sourcing growth. However, the term gets thrown around in the procurement industry quite often and is often misunderstood or misused. So, here's a guide with all the basics you need to know about sustainable sourcing.*

2. ***WHAT IS SUSTAINABLE SOURCING:-*** *First and foremost, we have to define the term. Sustainable sourcing is the integration of social, ethical and environmental performance factors into the process of selecting suppliers. It includes purchasing sustainably preferable products and services (products made from recycled or remanufactured materials), as well as green purchasing guidelines that might pertain to certain products or commodities.*

3. *Sustainable sourcing is needed because supply chains continue to expand globally into developing countries for lower costs and larger production capacity. This expansion exposes companies to increased risks and heightens the expectations of their stakeholders. Company stakeholders (including customers, shareholders, employees, NGOs, trade associations, labor unions, government observers, etc.) expect corporations to take responsibility for their supplier's environmental, social and ethical practices. Now companies are increasingly making sustainable sourcing an essential part of their procurement and supply chain management processes.*

4. ***SUSTAINABLE SOURCING BENEFITS:-*** *The three primary benefits of sustainable sourcing practices are to manage risks, reduce costs and increase revenue. Each driver has different elements to it that motivate the business:*

   ✓ *Manage Risks: Brand protection, supply chain disruptions, fines and litigations*

   ✓ *Reduce Costs: Vendor rationalization, reduced administration, the total cost of ownership*

   ✓ *Increase Revenue: Service differentiation, access to new markets, competitive advantage*

5. ***"Sustainable Sourcing"*** *essentially refers to the integration of social, ethical and environmental performance factors into the process of selecting suppliers.*

6. *Under this field, the entity shall indicate what proportion of its inputs (by quantity or value – please specify) are sourced from suppliers who are either covered by the company's sustainable sourcing programmes and/or are certified to be compliant with social and environmental standards such as SA 8000, ISO 14001, OHSAS 18001 or relevant labels like Rainforest Alliance, Rugmark, RSPO etc.*

3. *Describe the processes in place to safely reclaim your products for reusing, recycling and disposing at the end of life, for (a) Plastics (including packaging) (b) E-waste (c) Hazardous waste and (d) other waste.*

Notes: -

1. *Reclaiming refers to collecting products and their packaging materials at the end of their useful lives, for reusing, or recycling or safe disposal. Reclaimed items can include products and their packaging materials that are collected by or on behalf of the organization, by a third-party contractor.*

2. *Preparation for re-use means checking, cleaning, or repairing operations, by which products or components of products are prepared to be put to use for the same purpose for which they were conceived.*

3. *Recycling refers to reprocessing products or components of products, to make new materials.*

4. *Disposal refers to any operation which is not recovery. Further, safe disposal excludes uncontrolled waste disposal such as open burning and dumping.*

4. Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes/No). If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? If not, provide steps taken to address the same.

Notes: -

1. *"Extended Producer Responsibility" means the responsibility of a producer for the environmentally sound management of the product until the end of its life. The Uniform Framework for Extended Producers Responsibility issued by the Ministry of Environment, Forest and Climate Change places responsibility on producers, importers and brand owners to establish a system for collecting back the plastic waste generated due to their products and submit a plan for such collection with the relevant Pollution Control Board(s) (details available athttp://moef.gov.in/guideline-document-uniform-framework-for-extended-producers-responsibility-under-plastic-waste-management-rules-2016/).*

2. *EPR shall apply to all manufacturers, importers, suppliers/dealers, users, bulk consumer, distributors, e-retailers engaged in the manufacture, sale, transition, storage, and processing of e-waste or electrical and electronic equipment specified in Schedule 1, including its components, consumables, and spare parts.*

Applicable on:

1. ***Bulk consumer*** *means the majority of consumers of electrical and electronic devices, such as central government or government agencies, public sector companies, banks, educational institutions, international organizations, international agencies, partnerships and public or private companies registered under the Factories Act of 1948 (63 of 1948) and the Companies Act of 2013 (18 of 2013) and health-care facilities with a turnover of more than one crore or more than 20 employees;*

2. ***Collection Center*** *means a center or collection point or both established by the producer individually or as an association to collect e-waste in order to channel the e-waste to the recycler and to play the role stated in the producer's Extended Producer Authorisation and have facilities in compliance with the guidelines of the Central Pollution Control Board, including the collection center formed by the dismantler or recycler, which should form part of their authorization issued by the State Pollution Control Board where the facilities are situated;*

3. ***Dealer*** *means any individual or company that purchases or receives electrical and electronic equipment and its components or consumables or parts or spare parts from producers for sale as listed in Schedule I of these Rules;*

4. ***E-retailer*** *means a person or business organization that uses the Internet, telephone, electronic network to sell its goods;*

5. ***Manufacturer*** *means an individual or organization or business as specified in the Companies Act, 2013 (2013) or business as specified in the Factories Act, 1948 (1948) or Small and Medium Enterprises as defined in the Micro, Small and Medium Enterprises Development Act, 2006 (2006), which has electrical and electronic equipment manufacturing facilities.*

6. ***Producer*** *means any person who, irrespective of the selling technique used, such as distributor, seller, e-retailer, etc.*

   a. *manufactures and offers to sell electrical and electronic equipment and its components or consumables or parts or spare parts under its own brand; or*

   b. *offers to sell electrical and electronic equipment assembled under its own name, and its components or consumables or parts or spare parts manufactured by other manufacturers or suppliers; or*

   c. *offers to sell imported electrical and electronic equipment and its components or consumables or parts or spare parts;*

7. ***Recycler*** *means any individual engaged in the recycling and reprocessing of electrical and electronic waste equipment or assemblies or components thereof and having facilities as laid down in the Central Pollution Control Board guidelines;*

8. ***Refurbisher*** *means any company or undertaking registered under the Factories Act, 1948, or the Companies Act, 1956, or both or district industrial centers engaged in the refurbishment of used electrical and electronic equipment for the purposes of those rules.*

Leadership Indicators

Leadership indicators are indicators which may be voluntarily disclosed by entities which aspire to progress to a higher level in their quest to be socially, environmentally and ethically responsible.

Disclosure requirements with respect to **Leadership Indicators** prescribed in Principle 2 of NGRBC are as follows: -

1. Has the entity conducted Life Cycle Perspective / Assessments (LCA) for any of its products (for manufacturing industry) or for its services (for service industry)? If yes, provide details in the following format?

NIC CODE	Name of the Product/ Service	% of total Turnover contributed	Boundary for which the life cycle Perspective/ Assessment was conducted	Whether conducted by independent external agency (Yes/ No)	Results communicated in public domain (Yes/ No) If yes, provide the web-link

LCA is a valuable tool that can be used to identify and reduce the environmental impacts of products and services. By disclosing information on LCA in the report, listed companies can demonstrate their commitment to sustainability and transparency.

2. If there are any significant social or environmental concerns and/or risks arising from production or disposal of your products / services, as identified in the Life Cycle Perspective / Assessments (LCA) or through any other means, briefly describe the same along-with action taken to mitigate the same.

Name of Product / Service	Description of the risk/ Concern	Action Taken

Notes: -

1. *Product Life Cycle refers to all the stages of a product from extraction or acquisition of raw materials through manufacturing and processing,*

distribution and transportation, use and reuse, recycling and disposal. In the case of services, it refers to all activities and processes from the design to delivery.

2. *Life cycle assessment is a technique for assessing the environmental aspects associated with a product over its life cycle. The most important applications are these:*

   - ✓ analysis of the contribution of the life cycle stages to the overall environmental load, usually with the aim to prioritize improvements on products or processes
   - ✓ comparison between products for internal use

3. *An LCA study consists of four stages:*

   - ✓ *Stage 1: Goal and scope aim to define how big a part of product life cycle will be taken in assessment and to what end will assessment be serving. The criteria serving to system comparison and specific times are described in this step.*
   - ✓ *Stage 2: In this step, inventory analysis gives a description of material and energy flows within the product system and especially its interaction with environment, consumed raw materials, and emissions to the environment. All-important processes and subsidiary energy and material flows are described later.*
   - ✓ *Stage 3: Details from inventory analysis serve for impact assessment. The indicator results of all impact categories are detailed in this step; the importance of every impact category is assessed by normalization and eventually also by weighting.*
   - ✓ *Stage 4: Interpretation of a life cycle involves critical review, determination of data sensitivity, and result presentation.*

4. *The utilization of LCA method can help in the following:*

   - ✓ *searching the most available life cycles, e.g., those with minimal negative impact on environment,*
   - ✓ *assuming the decisions in industry, public organizations, or NGOs, which determine direction and priorities in strategic planning, design or design product, or process change,*
   - ✓ *choose important indicators of environmental behavior of organization including measurement and assessing techniques, mainly in connection with the assessment of the state of its environment,*
   - ✓ *marketing with the link on formulation of environmental declaration or eco-labeling*

5. *Life cycle assessment is an analytical procedure that involves assessment of the potential environment or social impacts of a product or service, throughout its life cycle.*

6. *Boundary of LCA refers to the scope for which the assessment was conducted. For example, in the case of products, the boundary of LCA could be the following:*

   Cradle-to-grave *is the full Life Cycle Assessment from resource extraction ('cradle') to use phase and disposal phase ('grave').*

   Cradle-to-cradle *is a specific kind of cradle-to-grave assessment, where the end-of-life disposal step for the product is a recycling process.*

   Cradle-to-gate *is an assessment of a partial product life cycle from resource extraction (cradle) to the factory gate (i.e., before it is transported to the consumer).*

3. Percentage of recycled or reused input material to total material (by value) used in production (for manufacturing industry) or providing services (for service industry).

Indicate input material	Recycled or re-used input material to total material	
	FY 2021-22 Current Financial Year	FY 2020-21 Previous Financial Year

Notes: -

1. *Resources "flow" through our economies and take on different forms along the way. As a result, it is not always clear when we say "reuse" whether we mean the reuse of materials, or whether we mean the reuse of products. Likewise, "recycling," in the colloquial sense, can cover both a new life for materials as well as for products.*

   Though the idea of recycling was initially targeted at reducing the need to regularly extract more resources from the environment, it offers more than that alone. Today, recycling is used as a method of keeping the environment clean for people and wildlife, reducing waste sent to landfills, reducing energy usage and minimizing the environmental impact of producing new products by incorporating existing materials that can be reused and repurposed.

2. *Recycling has also become an important facet in technological development as new systems are discovered to help recycle almost everything including metal, plastic, and water among other materials.*

   The ability to recycle waste helps to define cities, communities, and countries. A city with a well-designed and effective recycling system is held in higher regard than one that pollutes its surroundings.

3. *Recycling is central to sustainability because it helps save materials that can be reused from ending up in landfills. It helps reduce the pollution of ecosystems, so for example, when plastic and metallic materials are recycled, the land that may have been used and contaminated by their landfill can be utilized for other more sustainable purposes.*

4. *For each category of input material, the percentage of re-used and recycled input material may be calculated as ((total recycled + re-used input material used) *100) divided by (total input material used to manufacture the entity's products or to provide services). The entity may use the total weight or the total volume of materials, for calculating this field.*

4. Of the products and packaging reclaimed at end of life of products, amount (in metric tonnes) reused, recycled, and safely disposed, as per the following format:

	FY 2021-22 Current Financial Year			FY 2020-21 Previous Financial Year		
	Re-Used	Recycled	Safely Disposed	Re-Used	Recycled	Safely Disposed
Plastics (including packaging)						
E-Waste						
Hazardous Waste						
Other Waste						

Notes:-

1. *In order to keep as much material out of the landfill as possible, it's important for each of us to do our part. One of the ways to put that plan into action is through the 3 Rs of waste management — Reduce, Reuse, Recycle.*

   ✓ Reduce means to cut back on the amount of trash we generate.

   ✓ Reuse means to find new ways to use things that otherwise would have been thrown out.

   ✓ Recycle means to turn something old and useless (like plastic milk jugs) into something new and useful (like picnic benches, playground equipment and recycling bins).

2. ***REASONS WHY PROPER WASTE DISPOSAL IS ESSENTIAL***

   When it comes to getting rid of waste, it is highly important that you dispose of it properly for several reasons.

   ✓ *From cleanliness to avoiding the spread of diseases, there is a lot of reasoning that goes behind procedures we emplace on our skip bin hire across Sydney.*

   ✓ *Keep reading below to see why it is important to do your part in following proper waste disposal across skip bins and other waste disposal methods alike.*

   ✓ *Think about how much waste you, one single person, go through. From simply opening each ingredient that goes into your dinner to the gum wrapper you used earlier, you can begin to imagine how much waste is produced each day.*

- ✓ *Without the solid waste disposal system we have available in our country, we wouldn't have the clean and refreshing environment we have today.*
- ✓ *One of the main reasons we feel so strongly about proper waste disposal is because of its positive contribution to the environment.*
- ✓ *Not only does it keep our streets clear of any rubbish, but it also lowers any negative impact waste disposal may have.*
- ✓ *If you are following proper waste disposal, you will send your junk to the right place. This goes beyond your average household rubbish and is also relevant to skip bins.*
- ✓ *By using the right waste type and following the guidelines, you will be helping us make a positive impact on the environment. We reuse what we can from your skips instead of sending it to the landfill.*

3. ENCOURAGES HEALTH STANDARDS: -

Not only does following waste disposal procedures help keep the environment clean, but it also makes the community's overall health standards better.

- ✓ *With waste being properly disposed of, our environment is cleaner, meaning there are fewer health risks and hazards around to affect us.*
- ✓ *This includes not having our surroundings polluted and, instead, ensures that our society remains as healthy as possible.*
- ✓ *It also lessens the chances of illness and diseases being spread through the air, reducing the risk of respiratory illnesses.*
- ✓ *Also, it ensures that toxic products are not being led into our waterways, which can pollute our water and stop us from having a clean water system.*
- ✓ *It narrows down any toxins that may soak into the ground and prevents harmful stenches, too.*
- ✓ *Having proper waste disposal methods available gives support to recycling and saves precious materials.*
- ✓ *It is critical that materials are renewed for other purposes. Not only does this give it further use and stops it from going to the landfill, but it can also limit the need to manufacture new materials.*
- ✓ *Limiting the creation of new materials helps support sustainability and causes less pollution from the manufacturing processes.*
- ✓ *It is important that proper waste disposal methods, such as green waste skips and other waste types, are available as it makes recycling much easier for users to understand and for companies, such as ours, to organise.*

5. Reclaimed products and their packaging materials (as percentage of products sold) for each product category.

Indicate Product Category	Reclaimed products and their packaging materials as % of total products sold in respective category

Notes:-

1. *The entity shall calculate the percentage of reclaimed products and their packaging materials for each product category using the following formula:*

   Percentage of reclaimed products and their packaging materials = (Products and their packaging materials reclaimed within the reporting period) / (Products sold within the reporting period)

PRINCIPLE -3 (Reporting of Well-being of Human resource)

Businesses should respect and promote the well-being of all employees, including those in their value-chains

The equity, dignity, and quality of life for the employees are the crux of this Principle and are related to the **UN SDG 8 for Decent Work and Economic Growth.** This covers all the people in the complete value chain, addressing all kinds of discrimination and encouraging diversity. The quality of life encompasses the whole family of the employee. There are ten core elements to the principle that covers both the organization and the entities in its value chain. Both entities must comply with the regulatory and statutory requirements, and further provide equal opportunity to all the employees during recruitment, promotions, appraisals, and exit from the organisation. The core idea is to-

- Encourage collective bargaining, unions and associations, and have appropriate systems for grievance redressal.
- Prevent child labour and slave labour in all forms.
- Support work life balance for all employees.
- Provide timely wages and payments with transparency in all kinds of calculations, that meets the fair wage for decent living.
- Provide a safe and hygienic place of work with provisions for gender specific requirements.
- Provide required training and skill up gradation for the employees with access to learning opportunities.
- Prevent violence, harassment, and bullying in the workplace.

Essential Indicators

1. a. Details of measures for the well-being of employees:

Category	% of employees covered by										
	Total (A)	Health Insurance		Accident Insurance		Maternity Benefits		Paternity Benefits		Day Care Facilities	
		Number (B)	% (B/A)	Number (C)	% (C/A)	Number (D)	% (D/A)	Number (E)	% (E/A)	Number (F)	% (F/A)
Permanent Employees											
Male											
Female											
Total											
Other than Permanent Employees											
Male											
Female											
Total											

b. Details of measures for the well-being of workers:

Category	% of workers covered by										
	Total (A)	Health Insurance		Accident Insurance		Maternity Benefits		Paternity Benefits		Day Care Facilities	
		Number (B)	% (B/A)	Number (C)	% (C/A)	Number (D)	% (D/A)	Number (E)	% (E/A)	Number (F)	% (F/A)
Permanent Employees											
Male											
Female											
Total											
Other than Permanent Employees											
Male											
Female											
Total											

Notes: -

1. *Employee wellbeing is the way employees' work, expectations, and the workplace affects their overall health and happiness.*

   Employees might not feel well, even when you treat them like gold. Even when your organization has clearly defined goals or when you pay them money, bonuses, and titles.

Social Wellness

It's about connecting with other people at work. Building and maintaining positive relationships should happen consistently as that makes employees feel involved with the community.

Emotional Wellness

Organizations need to help their employees cope and deal with the challenges at work. Long hours can affect anyone. Frequent breaks to help people out should be the focus. Acknowledging mental health at work should be the start, as most organizations don't even do that.

Environmental Wellness

The work environment affects everyone. A toxic environment makes employees run for their lives whereas an open and flexible culture increases employee satisfaction.

Physical Wellness

Sudden health emergencies can derail an employee's journey at the company. It is connected to mental health as well. Lack of sleep gives way to fatigue and in turn, leads to low creativity and productivity.

2. *In case the entity desires to disclose any benefits other than those specified in this field, additional columns may be added for such disclosures.*

c. Spending on measures towards well-being of employees and workers (including permanent and other than permanent) in the following format –

FY _____ Current Financial Year	**FY _____ Previous Financial Year**
Cost incurred on wellbeing measures as a % of total revenue of the company	

2. Details of retirement benefits, for Current FY and Previous Financial Year.

Benefits	**FY 2021-22 Current Financial Year**			**FY 2020-21 Previous Financial Year**		
	No. of employees covered as a % of total employees	**No. of workers covered as a % of total workers**	**Deducted and deposited with the authority (Y/N/N.A.)**	**No. of employees covered as a % of total employees**	**No. of workers covered as a % of total workers**	**Deducted and deposited with the authority (Y/N/N.A.)**
PF						
Gratuity						
ESI						

Notes: -

1. *Retirement and pension benefits are given to official to make sure that they have a constant income and a secured life. The pension provisions are in place to ensure that the retired government officials are well off and can be financially independent and can lead their retired lives with no financial challenges.*

2. *The retirement benefits mainly consist of the employees' leave encashment (employees are allowed to accumulate leaves and exchange them for cash on their retirement), retirement gratuity, and the amount that they were contributing to their provident fund account throughout their service.*

3. *All these, when put together, will result in a considerable corpus. This amount is going to be the backbone of the employee's retirement life. Using this amount wisely will alleviate the need to depend on others for handling financial expenses. This will give them a sense of financial confidence.*

4. *Apart from the retirement benefits mentioned above, retired government officials are also qualified for pension benefits. These benefits will allow them to lead a peaceful retired life with no hassles whatsoever in terms of finance.*

   The different kinds of pension available for retired government official at the end of their employment tenure are pension on retiring, superannuation, voluntary retirement pension, compassionate allowances, family pension, compensation pension, and extraordinary pension.

   Superannuation pension plans are in place for those retired government officers who go on to serve until they turn 60 years old. Voluntary pension is paid out to those government officials who wish to retire just three months after they have completed serving for a period of 20 years.

   Extraordinary pension schemes are a kind of pension plan which is paid out to those retired government employees that are differently abled or physically challenged or to the families of those government employees who lost their lives in the service of their employment with the government.

3. Accessibility of workplaces - Are the premises / offices of the entity accessible to differently abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016? If not, whether any steps are being taken by the entity in this regard.

Notes: -

1. *The RPWD Act, 2016 requires that "the appropriate Government shall ensure that the PWD enjoy the right to equality, life with dignity, and respect for his or her own integrity equally with others." The Government is to take steps to utilize the capacity of the PWD by providing an appropriate environment.*

2. *Accessibility of workplaces - Are the premises / offices of the entity accessible to differently abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016 refers to physical accessibility such as wheelchair ramps, braille signage and accessible restrooms, and digital accessibility, where information and communication technology is accessible to all and/or compatible with assistive technology devices.*

4. Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web-link to the policy.

Notes: -

1. *An equal opportunities policy is a statement of organizational procedures and practices which provide genuine equality of opportunity for all employees, regardless of gender, age, ethnic origin, marriage, religion, sexual orientation, or disability. Its remit goes beyond strict compliance with the law and ensures the effective use of all human resources within the organization. Such a*

policy should focus on preventing discriminatory or harassing behavior in the workplace and achieving equal access to training, job and promotion opportunities.

2. *Modern anti-discrimination employment laws and policies in the United States have their foundation in the Civil Rights Act of 1964. Title VII of the act makes certain discriminatory practices illegal, including discrimination based on race, color, religion, sex, or national origin. Title VII applies to private employers employing 15 or more employees, labor unions, and employment agencies. The Civil Rights Act also helped create the Equal Employment Opportunity Commission, which is charged with the enforcement of the federal anti-discrimination employment laws.*

5. Return to work and Retention rates of permanent employees and workers that took parental leave.

Gender	Permanent employees		Permanent Workers	
	Return to work rate	Retention Rate	Return to work rate	Retention Rate
Male				
Female				
Total				

Notes: -

1. ***Parental leave,*** *employee benefit that provides job-protected leave from employment to care for a child following its birth or adoption. It is usually available to both mothers and fathers.*

   Parental leave entitlements vary around the world. Some countries define parental leave as a non-transferable individual right. Each parent is entitled to a certain set amount of leave. Others afford an individual parent the ability to transfer his or her allotted leave to the other parent. Parental leave may also be defined as a family right, allowing parents to divide up the total leave time at their own discretion. Entitlements may consist of a combination of family and individual rights as well. Furthermore, in some countries, parental leave supplements maternity leave, paternity leave, or both. Substantial extensions to parental leave periods known as home care or child care leave may also be granted. However, elsewhere, parental leave replaces maternity leave, paternity leave, or both. Compensation during these periods varies greatly.

2. *Parental leave refers to maternity and paternity leave.*

3. *The entity shall use the following formulas to calculate return to work rate, for each category of employee (male / female / others):*

4. *(Total number of employees that did return to work after parental leave in the reporting period * 100)/ (Total number of employees due to return to work after taking parental leave in the reporting period) = Return to work rate*

5. *Retention rate determines who returned to work after parental leave ended and were still employed 12 months later. It shall be calculated using the*

*following formula: (Total number of employees retained 12 months after returning to work following a period of parental leave * 100)/ (Total number of employees returning from parental leave in the prior reporting period)*

6. Is there a mechanism available to receive and redress grievances for the following categories of employees and workers? If yes, give details of the mechanism in brief.

	Yes/No (if Yes, then give details of the mechanism in brief)
Permanent Workers	
Other than Permanent Workers	
Permanent Employees	
Other than Permanent Employees	

Notes:-

1. *Grievance redressal policy is the procedure provided by employer to employee so that they can vent out the issue or complication they face and to get a proper solution to this. Employees can lodge a complaint as per the procedure and solution is provided to this by senior authority as per policy so that a healthy working environment is followed out.*

2. *In the present scenario of competition, employees are the assets of the Organization. For efficient working and smooth functioning of an organization it is important to see to the problems of the employees and create a healthy environment with a good working culture. The organization believes not only to recruit more and more staff but also to retain them for longer duration towards the success of the organization. We have come up with lots of initiatives that are oriented to provide a better complaint redressal mechanism whenever any sort of grievance arises against the organization or against any staff.*

3. *When an employee feels that they've been wronged – be it an unfair paycheck, an unpleasant assignment, or sexual harassment, they can file a grievance with the company they work for. This is a formal complaint procedure that generally has rules that the investigator must follow.*

   Different companies have different procedures and rules. Often, grievance procedures are spelled out in contracts, and so they must be followed.

   Ideally, companies should investigate all complaints, but often employees don't care enough to enter a formal procedure, or Human Resources (or supervisor or a grievance committee) ignores informal complaints.

   A grievance, however, documents that there is a problem. Should the company not resolve the concern, the employee can generally use the documentation in legal action.

7. Membership of employees and worker in association(s) or Unions recognized by the listed entity:

Category	FY 2021-22 Current Financial Year			FY 2020-21 Previous Financial Year		
	Total employees / workers in respective category (A)	No. of employees / workers in respective category, who are part of association(s) or Union (B)	% (B/A)	Total employees / workers in respective category (C)	No. of employees/ workers in respective category, who are part of association(s) or Union (D)	% (D/C)
Total Permanent Employees						
Male						
Female						
Total Permanent Workers						
Male						
Female						

Notes:-

1. *Here the entity is required to disclose the percentage of its employees and workers which are part of the union or any association having similar objectives.*

2. *A labor union is an organization formed by workers in a particular trade, industry, or company for the purpose of improving pay, benefits, and working conditions. Officially known as a "labor organization," and also called a "trade union" or a "workers union," a labor union selects representatives to negotiate with employers in a process known as collective bargaining. When successful, the bargaining results in an agreement that stipulates working conditions for a period of time.*

3. *Labor unions have a democratic structure, holding elections to choose officers who are charged with making decisions that are beneficial to the members. Employees pay dues to the union, and, in return, the labor union acts as an advocate on the employees' behalf.*

8. Details of training given to employees and workers:

Category	FY 2021-22 Current Financial Year					FY 2020-21 Previous Financial Year				
	Total (A)	On Health and Safety measures		On Skill Upgradation		Total (D)	On Health and Safety measures		On Skill Upgradation	
		No. (B)	% (B/A)	No. (C)	% (C/A)		No. (E)	% (E/D)	No. (F)	% (F/D)
Employees										
Male										
Female										
Total										
Workers										
Male										
Female										
Total										

Notes: -

1. *Training on health and safety can include general training on health and safety as well as training on specific work-related hazards, hazardous activities, or hazardous situations. It can also include training on mental health.*

2. *Workplace safety training is as vital as workplace safety itself. It enables the management to ensure a safe and healthy work environment. It also helps the employees to recognize safety hazards and correct them. It enables them to understand the best safety practices and expectations.*

3. *Safety training is more important for organizations like hospitals and construction companies that use hazardous materials and equipment.*

4. *Safety training is vital for employees or workers regarding understanding of safety practices related to their jobs; otherwise, a worker will find himself/herself at a higher risk for workplace injury, illness or death.*

5. ***Workplace Safety Training — Benefits***

   Hazards are pervasive to every organization or all types of industries, hence it is essential for an organization to make provisions for safety training for their workers and to update the safety programs and norms on a regular basis.

   There are many sources of online information about training and development. Several of these sites indicate reasons for managers to conduct training among employees. These reasons include –

   ✓ *Educate employees on the basics of health and safety*

   ✓ *Increased focus by employees on their tasks*

- ✓ *Increased job pleasure and confidence among employees*
- ✓ *Increased employee inspiration*
- ✓ *Increased effectiveness in processes, deriving in financial gain*
- ✓ *Increased ability to adopt new skills and methods*
- ✓ *Increased change in scheme and products*
- ✓ *Increase employee turnover*
- ✓ *Increase company image, e.g., conducting ethics training*
- ✓ *Risk management, e.g., training about sexual harassment, diversity training.*
- ✓ *Increased productivity and satisfaction among personnel by keeping the workplace safe.*

6. *Training programs on skill upgradation can include both internal training courses and funding support for external training or education.*

9. Details of performance and career development reviews of employees and worker:

Category	FY 2021-22 Current Financial Year			FY 2020-21 Previous Financial Year		
	Total (A)	No. (B)	% (B /A)	Total(C)	No. (D)	% (D/C)
Employees						
Male						
Female						
Total						
Workers						
Male						
Female						
Total						

Notes: -

1. *Regular performance and career development review refers to review based on criteria known to the employee / worker and his or her superior. Such a review is undertaken with the knowledge of the employee.*
2. *Performance reviews and career plans are two basic tools that organisations use to* ***keep their employees' knowledge up to date,*** *with the aim of improving output and efficiency.*
3. *Performance reviews helps to identify our workers' training needs; that is, their* ***strong points and opportunities for development.*** *This analysis provides the basis for identifying key training requirements or areas where employees should focus their efforts according to their strengths.*

4. *This is the starting point, therefore, for a* ***professional career and promotion plan.*** *The plan itself involves designing and documenting the worker's career path within the company. Both parties work together to chart the employee's future and create mutually agreed milestones to work towards along the way.*

5. *The importance of implementing career plans*

   In general, company career plans have a significant impact on business results, as well as staff motivation and satisfaction.

   ✓ *Retaining and attracting talent: one of the main reasons why workers decide to change jobs is due to a lack of growth or potential for career progression. Implementing career plans can help retain and attract talent.*

   ✓ *Creating an environment that promotes efficiency and growth: by strengthening our workers' weak spots, we will boost employee efficiency and, in turn, the company's results.*

   ✓ *Stabilise the workforce: training and upskilling employees is an investment in internal talent that helps create a stable and engaged workforce.*

   ✓ *Meet the organisation's immediate and future needs: a personalised and considered career plan will enable the company to meet its current and future needs, without having to invest in external talent.*

   ✓ *Motivate employees: professional development towards specific goals delivers staff motivation. As such, career plans are also a useful tool for improving the work environment.*

10. Health and safety management system:

a. Whether an occupational health and safety management system has been implemented by the entity? (Yes/ No). If yes, the coverage of such a system?

b. What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity?

c. whether you have processes for workers to report the work-related hazards and to remove themselves from such risks. (Y/N)

d. Do the employees/ worker of the entity have access to non-occupational medical and healthcare services? (Yes/ No)

Notes: -

1. *Occupational health and safety risk refers to the combination of the likelihood of occurrence of a work-related hazardous situation or exposure, and the severity of injury or ill health that can be caused by the situation or exposure. An occupational health and safety system is a systematic approach to manage such risks.*

2. *One of the "root causes" of workplace injuries, illnesses, and incidents is the failure to identify or recognize hazards that are present, or that could have been anticipated. A critical element of any effective safety and health program is a proactive, ongoing process to identify and assess such hazards.*

3. *To identify and assess hazards, employers and workers:*

   ✓ *Collect and review information about the hazards present or likely to be present in the workplace.*

   ✓ *Conduct initial and periodic workplace inspections of the workplace to identify new or recurring hazards.*

   ✓ *Investigate injuries, illnesses, incidents, and close calls/near misses to determine the underlying hazards, their causes, and safety and health program shortcomings.*

   ✓ *Group similar incidents and identify trends in injuries, illnesses, and hazards reported.*

   ✓ *Consider hazards associated with emergency or non-routine situations.*

   ✓ *Determine the severity and likelihood of incidents that could result for each hazard identified and use this information to prioritize corrective actions.*

   ✓ *Some hazards, such as housekeeping and tripping hazards, can and should be fixed as they are found. Fixing hazards on the spot emphasizes the importance of safety and health and takes advantage of a safety leadership opportunity. To learn more about fixing other hazards identified using the processes described here, see "Hazard Prevention and Control."*

4. *The listed entity shall disclose the processes used to identify work-related hazards and assess risks on a routine and non-routine basis. Work-related hazards refer to a source or situation with the potential to cause injury or ill health.*

11. Details of safety related incidents, in the following format:

Safety Incident / Number	Category	FY 2021-22 Current Financial Year	FY2020-21 Previous Financial Year
Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked)	Employees		
	Workers		
Total recordable work-related injuries	Employees		
	Workers		
No. of Fatalities	Employees		
	Workers		

Safety Incident / Number	Category	FY 2021-22 Current Financial Year	FY2020-21 Previous Financial Year
High consequence work-related injury or ill-health (excluding fatalities)	Employees		
	Workers		

Notes: -

1. *Healthy and safe work conditions are recognized as a human right and addressed in authoritative intergovernmental instruments, including those of the International Labour Organization (ILO), the Organisation for Economic Co-operation and Development (OECD), and the World Health Organization (WHO): see References. Healthy and safe work conditions are also a target of the Sustainable Development Goals, adopted by the United Nations (UN) as part of the 2030 Agenda for Sustainable Development. 1 Healthy and safe work conditions involve both prevention of physical and mental harm, and promotion of workers' health.*

2. *Prevention of harm and promotion of health require an organization to demonstrate commitment to workers' health and safety. They also require the organization to engage workers in the development, implementation, and performance evaluation of an occupational health and safety policy, management system and programs that are appropriate to the organization's size and activities. It is essential that workers are consulted in the development of an organization's occupational health and safety policy, and participate in the processes necessary to plan, support, operate, and continually evaluate the effectiveness of the occupational health and safety management system and programs. Hazard identification and risk assessment, worker training, and incident identification and investigation are also key to planning, supporting, operating, and evaluating the occupational health and safety management system. In addition to preventing harm, an organization can promote workers' health by offering healthcare services or voluntary health promotion services and programs, which, for example, help workers improve their diet or quit smoking. These additional services and programs cannot serve as a substitute for occupational health and safety programs, services and systems that prevent harm and protect workers from work-related injuries and ill health.*

3. *All services and programs that aim to prevent harm and promote workers' health are expected to respect workers' right to privacy. Organizations are expected not to use workers' participation in such services and programs, or the health data derived therefrom, as criteria for their decisions regarding employment or engagement of workers, including termination, demotion, promotion or offering of prospects, compensation, or any other favorable or unfavorable treatment.*

4. *Lost time injuries encompass both temporary injuries that keep the employee away from work for a day as well as permanent disabilities and conditions that prevent the employee from ever returning to the job or performing their* regular work tasks.

5. *Employees who return to work after sustaining a work-related injury are still counted among the company's lost time injuries if they are unable to perform the duties outlined in their job descriptions.*

6. ***What is considered as work-related injury?***

   If you've had an accident at work, you may be wondering whether your injury is 'work-related' or not. Work-related accidents are defined as any injury, illness, or condition you experience during your employment with a company and related to your job duties and tasks while at work.

7. *These injuries are further categorized into physical injuries, occupational illnesses, and repetitive stress injuries.*

8. *The leading cause of workplace deaths was motor vehicle accidents. Roughly 40% of workplace deaths occurred in transportation incidents. Other leading causes were fall/slips and trips, deaths from being struck by objects or equipment, and exposure to harmful chemicals.*

   ✓ Transportation incidents – 40%

   ✓ Falls, slips, trips – 17%

   ✓ Violence and other injuries by persons or animals – 16%

   ✓ Contact with objects and equipment – 14%

   ✓ Exposure to harmful substances or environments – 12%

   ✓ Fires and explosions – 2%

12. Describe the measures taken by the entity to ensure a safe and healthy workplace.

Notes: -

1. *Managing safety and health is an integral part of managing a business. Businesses need to do a risk assessment to find out about the hazards and risks in their workplace(s) and put measures in place to effectively control them to ensure these hazards and risks cannot cause harm to workers.*

   The ILO has produced guidelines on the development of occupational safety and health management systems ILO-OSH 2001.

   These guidelines were designed as a practical tool for assisting organizations (a company, operation, firm, undertaking, establishment, enterprise, institution or association, or part of it, whether incorporated or not, public or private, that has its own functions and administration) and competent institutions as a means of achieving continual improvement in occupational safety and health (OSH) performance. The guidelines have been developed according to internationally agreed principles defined by the ILO's tripartite constituents. The practical recommendations of these guidelines are intended for use by all those who have responsibility for OSH management.

Occupational safety and health, including compliance with the OSH requirements pursuant to national laws and regulations, is the responsibility and duty of the employer. The employer should show strong leadership and commitment to OSH activities in the organization and make appropriate arrangements for the establishment of an OSH management system. The system should contain the main elements of policy, organizing, planning and implementation, evaluation and action for improvement.

13. Number of Complaints on the following made by employees and workers:

	FY 2021-22 (Current Financial Year)			FY 2020-21 (Previous Financial Year)		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Working Conditions						
Health & Safety						

Notes: -

1. *When an employee raises a workplace grievance, the organization must take them seriously. Whether or not your employee's grievance is valid, it could be having a negative effect on them. Their morale might have dropped. And because of this, their productivity levels might drop. And before long, your staff retention numbers fall as disgruntled staff leave the business.*

2. *An employee grievance is a concern, problem, or complaint that an employee has about their work, the workplace, or someone they work with—this includes management. Something has made them feel dissatisfied, and they believe it is unfair and/or unjust on them.*

3. *These are the most common examples of employee grievances.*

   ✓ Pay and benefits.

   ✓ Bullying.

   ✓ Work conditions.

   ✓ Workload.

4. Nobody wants to lose a valuable employee because of problems with their workplace conditions. It's up to you to prevent this. Think about:

   ✓ Cleanliness on the office floors or in the kitchen.

   ✓ Desk etiquette.

   ✓ Bathroom conditions.

   ✓ Health and safety hazards.

- ✓ Temperatures in the workplace.
- ✓ Conduct workplace risk assessments regularly to identify any possible hazards, such as a leak.
- ✓ Have a first aid officer, a first aid kit, and signs designating fire exits.
- ✓ Outfit your office with fire extinguishers. Other obvious essentials include refuse bins around obvious areas, such as a kitchen or canteen and near desks, too. Don't forget about toiletries: toilet paper and hand soap/sanitiser.
- ✓ As part of your assessment, you could assess whether you should invest in air conditioning for the summer, or radiators if the office gets cold in the winter.

14. Assessments for the year:

	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Health and Safety Practices	
Working Condition	

15. Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks / concerns arising from assessments of health & safety practices and working conditions.

Entities are required to disclose information on any corrective actions taken or underway to address safety-related incidents, as well as significant risks and concerns arising from assessments of health and safety practices and working conditions.

Leadership Indicators

1. Does the entity extend any life insurance or any compensatory package in the event of death of (A) Employees (Y/N) (B) Workers (Y/N).

   Entities are required to disclose information about their employee and worker benefits, including life insurance and compensatory packages in the event of death. This is to help the public and investors understand the risks and benefits associated with investing in or working for the entity.

2. Provide the measures undertaken by the entity to ensure that statutory dues have been deducted and deposited by the value chain partners.

   Entities are required to disclose the measures they have undertaken to ensure that statutory dues have been deducted and deposited by their value chain partners. This is because entities have a responsibility to ensure that their suppliers and other value chain partners are complying with all applicable laws and regulations, including those related to labor and employment, taxes, and environmental protection.

3. Provide the number of employees / workers having suffered high consequence work- related injury / ill-health / fatalities (as reported in Q11 of Essential Indicators above), who have been rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment:

	Total no. of affected employees/ workers		**No. of employees/workers that are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment**	
	FY 2021-22 (Current Financial Year)	**FY 2020-21 (Previous Financial Year)**	**FY 2021-22 (Current Financial Year)**	**FY 2020-21 (Previous Financial Year)**
Employees				
Workers				

4. Does the entity provide transition assistance programs to facilitate continued employability and the management of career endings resulting from retirement or termination of employment? (Yes/ No). *The entity should provide transition assistance programs to facilitate continued employability and the management of career endings resulting from retirement or termination of employment. This includes providing employees with access to resources and support to help them find new jobs, update their skills, and manage their finances during this time.*

5. Details on assessment of value chain partners:

   - *List of value chain partners:* The listed entity must provide a list of its value chain partners, including suppliers, contractors, and joint venture partners.
   - *Assessment of sustainability risks:* The listed entity must assess the sustainability risks associated with its value chain partners. This assessment should consider environmental, social, and governance factors, such as labor practices, environmental performance, and human rights.
   - *Mitigation measures:* The listed entity must describe the measures it is taking to mitigate the sustainability risks associated with its value chain partners. This may include working with partners to improve their sustainability performance, providing training and support, or conducting regular audits.

   Entity must also disclose the methodology used to assess its value chain partners and the scope of the assessment. The scope of the assessment should be based on the materiality of the sustainability risks associated with the value chain partners.

6. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from assessments of health and safety practices and working conditions of value chain partners.

Entity to provide details of any corrective actions taken or underway to address significant risks / concerns arising from assessments of health and safety practices and working conditions of value chain partners.

PRINCIPLE- 4 (Reporting on Interest of Stakeholders)

Businesses should respect the interests of and be responsive to all its stakeholders.

The principle focuses on the fact that there are other stakeholders apart from investors, clients, and employees, and the organisation has a responsibility towards the public at large, as the operations impact the natural resources, natural habitats, water bodies, communities etc. Organisation has to take into account the expectations of all the interested parties to their business, both external and internal, and specifically to the affected vulnerable groups and communities. They have to reduce the adverse effects to any stakeholder from their products or services in any part of the life cycle. The core elements cover:

- Organisations should have a system to disclose the impacts from their operations transparently to stakeholders.
- Organisation should identify their stakeholders, both external and internal, determine the expectations of these interested parties, and devise their strategies accordingly to address them.
- The benefits of the business should be passed on to the affected parties and the organisation is responsible to resolve any conflicts and grievances related to their operation with the affected parties with fair and just compensations and alternate arrangements.

Essential Indicators

1. Describe the processes for identifying key stakeholder groups of the entity.

   The processes for identifying key stakeholder groups of the entity:

   Step 1: Identify all potential stakeholders: This can be done by brainstorming a list of all individuals or groups that are affected by or have an interest in the entity's activities, both directly and indirectly.

   Step 2: Prioritize stakeholders: Not all stakeholders are created equal. Some stakeholders, such as employees, customers, and investors, may have a greater impact on or be more impacted by the entity's activities than others. Therefore, it is important to prioritize stakeholders based on their level of interest, influence, and impact.

   Step 3: Identify key stakeholder groups: Once all potential stakeholders have been identified and prioritized, they can be grouped together based on shared interests or concerns. This will help the entity to better understand and engage with its key stakeholder groups.

2. List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group.

Stakeholder Group	Whether identified as Vulnerable & Marginalized Group (Yes/No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other	` Frequency of engagement (Annually/ Half yearly/ Quarterly / others – please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement

The company may engage with its employees through quarterly town halls, monthly team meetings, one-on-one meetings with managers, and anonymous feedback surveys. The company may engage with its customers through quarterly customer satisfaction surveys, regular communication through social media and email, and customer focus groups. The company may engage with its investors through quarterly earnings calls, an annual shareholder meeting, and one-on-one meetings with investors. The company may engage with its suppliers through annual supplier meetings, on-site audits, and regular communication through email and phone. The company may engage with community members through monthly community meetings, sponsorship of local events, and volunteer opportunities for employees. The company may engage with government agencies through regular communication with relevant government agencies, and participation in industry associations and committees.

The frequency of engagement with each stakeholder group will vary depending on the specific needs of the company and its stakeholders.

Leadership Indicators

1. Provide the processes for consultation between stakeholders and the Board on economic, environmental, and social topics or if consultation is delegated, how is feedback from such consultations provided to the Board.

   Under this question, entities are required to disclose the processes for consultation between stakeholders and the Board on economic, environmental, and social topics. If consultation is delegated, the guidelines also require companies to disclose how feedback from such consultations is provided to the Board.

2. Whether stakeholder consultation is used to support the identification and management of environmental, and social topics (Yes / No). If so, provide details of instances as to how the input received from stakeholders on these topics were incorporated into policies and activities of the entity.

   Entities should consult with their stakeholders to identify and assess their ESG risks and opportunities, and to develop and implement appropriate management strategies.

3. Provide details of instances of engagement with, and actions taken to, address the concerns of vulnerable/ marginalized stakeholder groups.

   In these entities are required to disclose details of instances of engagement with, and actions taken to, address the concerns of vulnerable/ marginalized stakeholder groups. This is important because these groups are often disproportionately affected by the company's operations and decisions.

PRINCIPLE- 5 (Reporting of Human Rights)

Businesses should respect and promote human rights.

The principle is driven by the Constitution of India and the International Bill of Rights and is based on the duty of the nation to safeguard, protect, and hold up the human rights. The principle is based on the concept that human rights are inherent to every human being, is non-negotiable, and not to be diluted in any manner for the sake of business. UN Guiding Principles on Business and Human Rights also consider the human rights as a responsibility of the business concerns and requires them to be responsible for any violation and take adequate steps to make sure that no human rights abuse happens because of their business operation. There are five core elements to this Principle as below:

- The governing structure of the business should make sure that the human rights requirements in the Constitution of India and other laws prevailing in India along with the International Bill of Rights is communicated to its employees and collaborators, and if there is any potential for human rights impact, there should be relevant authority to handle them.
- The governing system of the organisation should have policies, structure, and procedure to identify and mitigate any possible human rights violations from its operation.
- The organisation should adequately address mitigation of the human rights issues arising out of their operations and have effective corrective actions to avoid recurrence.
- Have promotional programs and drives across the value chain to educate the employees and raise awareness about the human rights violations and how it can happen from their operations.
- Effective grievance redressal mechanisms are in place for all the affected groups and communities to raise their concerns about the organisation.

Essential Indicators

1. Employees and workers who have been provided training on human rights issues and policy(is) of the entity, in the following format:

Category	FY 2021-22 Current Financial Year			FY 2021-22 Previous Financial Year		
	Total (A)	No. (B)	% (B /A)	Total(C)	No. (D)	% (D/C)
Employees						
Permanent						
Other than permanent						
Total Employees						
Workers						
Permanent						
Other than permanent						
Total Workers						

Training programs on human rights issues and policies for employees and workers could include aspects of human rights that are relevant to operations, including the applicability of the human rights policies or procedures to the work done by employees / workers.

2. Details of minimum wages paid to employees and workers, in the following format:

Category	FY 21-22 Current Financial Year					FY 20-21 Previous Financial Year				
	Total (A)	Equal to Minimum wages		More than minimum wages		Total (D)	Equal to Minimum wages		More than minimum wages	
		No. (B)	% (B/A)	No. (C)	% (C/A)		No. (E)	% (E/D)	No. (F)	% (F/D)
Employees										
Permanent										
Male										
Female										
Other than permanent										
Male										
Female										
Workers										
Permanent										
Male										
Female										
Other than permanent										
Male										
Female										

3. Details of remuneration/salary/wages, in the following format:

	Male		**Female**	
	Number	**Median remuneration/ Salary/Wages of respective category**	**Number**	**Median remuneration/Salary/ Wages of respective category**
Board of Directors (BoD)				
Key Managerial Personnel				
Employees other than BoD and KMP				
Workers				

1. ***Remuneration:*** *As per Sec. 2(78) of Companies Act 2013, Remuneration means any money, or its equivalent given or passed to any person for services rendered by him and includes perquisites as defined under the Income-Tax Act, 1961 (43 of 1961). Reference: http://ebook.mca.gov.in/default.aspx*

2. ***Salary:*** *As per the Income Tax Act,1961, salary includes:*

   i. wages

   ii. any annuity or pension

   iii. any gratuity

   iv. any fees, commissions, perquisites, or profits in lieu of or in addition to any salary or wages

   v. any advance of salary

   vi. the annual accretion to the balance at the credit of an employee participating in a recognised provident fund, to the extent to which it is chargeable to tax under Rule 6 of Part `A' of the Fourth Schedule; and

   vii. the aggregate of all sums that are comprised in the transferred balance as referred to in sub-rule (2) of Rule 11 of Part A of the Fourth Schedule of an employee participating in a recognised provident fund, to the extent to which it is chargeable to tax under sub-rule (4) thereof.

   Ref- https://www.incometaxindia.gov.in/Acts/Income-tax%20 Act,%201961/1968/102120000002035669.html

Wages: *As per Sec 2(y) of the Code on Wages, 2019, Wages means all remuneration whether by way of salaries, allowances or otherwise, expressed in terms of money or capable of being so expressed which would, if the terms of employment, express or implied, were fulfilled, be payable* *to a person employed in respect of his employment or of work done in such employment, and includes:*

i. basic pay

ii. dearness allowance

iii. retaining allowance, if any, but does not include

a. any bonus payable under any law for the time being in force, which does not form part of the remuneration payable under the terms of employment.

b. the value of any house-accommodation, or of the supply of light, water, medical attendance or other amenity or of any service excluded from the computation of wages by a general or special order of the appropriate Government.

c. any contribution paid by the employer to any pension or provident fund, and the interest which may have accrued thereon.

d. Any conveyance allowance or the value of any travelling concession.

e. any sum paid to the employed person to defray special expenses entailed on him by the nature of his employment

f. house rent allowance.

g. remuneration payable under any award or settlement between the parties or order of a court or Tribunal

h. any overtime allowances

i. any commission payable to the employee

j. any gratuity payable on the termination of employment

k. any retrenchment compensation or other retirement benefit payable to the employee or any ex gratia payment made to him on the termination of employment.

Provided that, for calculating the wages under this clause, if payments made by the employer to the employee under clauses (a) to (i) exceeds one-half, or such other per cent. as may be notified by the Central Government, of all remuneration calculated under this clause, the amount which exceeds such one-half, or the per cent. So notified, shall be deemed as remuneration and shall be accordingly added in wages under this clause.

Provided further that for the purpose of equal wages to all genders and for the purpose of payment of wages, the emoluments specified in clauses (d), (f), (g) and (h) shall be taken for computation of wage.

Explanation: Where an employee is given in lieu of the whole part of the wages payable to him, any remuneration in kind by his employer, the value of such remuneration in kind which does not exceed fifteen per cent. of the *total wages payable to him, shall be deemed to form part of the wages of such an employee.*

Ref - https://labour.gov.in/sites/default/files/THE%20CODE%20ON%20WAGES%2C%202019%20No. %2029%20of%202019.pdf

https://labour.gov.in/whatsnew/child-labour-prohibition-and-regulation-amendment-act-2016

4. *'Forced Labour' or 'Involuntary Labour' refers to all work or service that is extracted under the menace of penalty. It also includes terms such as, bonded labour and modern slavery. It also includes any labour for which the worker receives less than the government- stipulated minimum wage.*

4. Do you have a focal point (Individual/ Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business? (Yes/No)

Under this assessment is made, whether the business has a designated person or group of people responsible for managing and responding to human rights impacts. This focal point should have the authority and resources to investigate and address any human rights concerns that may arise.

If business does not have a focal point for human rights, it should answer "No" to this question. However, it is important for all businesses to have a focal point for human rights. This is because it is an important step in ensuring that the business is taking its human rights responsibilities seriously.

5. Describe the internal mechanisms in place to redress grievances related to human rights issues.

Entity should have in place internal mechanisms to redress grievances related to human rights issues. These mechanisms should be accessible, fair, effective, and transparent. They should also be independent of the business operations that may have caused the grievance.

6. Number of Complaints on the following made by employees and workers:

	FY 2021-22 (Current Financial Year)			FY 2020-21 (Previous Financial Year)		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Sexual Harassment						
Discrimination at workplaces						
Child Labour						

	FY 2021-22 (Current Financial Year)			FY 2020-21 (Previous Financial Year)		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Forced Labour/ Involuntary Labour						
Wages						
Other human rights related issues						

7. Complaints filed under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, in the following format:

	FY _____ Current Financial Year	FY _____ Previous Financial Year
Total Complaints reported under Sexual Harassment on of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (POSH)		
Complaints on POSH as a % of female employees / workers		
Complaints on POSH upheld		

8. Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases.

Entities should have in place mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases. These mechanisms should be confidential, fair, and timely.

9. Do human rights requirements form part of your business agreements and contracts? (Yes/No)

Shows the commitment of an entity to protect the human rights of its stakeholders

10. Assessments for the year:

	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Child Labour	
Forced/ involuntary labour	
Sexual Harassment	
Discrimination at workplace	
Wages	

The entity shall disclose its commitment to protect the well-being & human rights of its employees.

11. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 9 above.

Provides insight into the entity's commitment to protect the well-being & rights of its employees

Leadership Indicators

1. Details of a business process being modified / introduced as a result of addressing human rights grievances/complaints.

   Entity shall disclose how much an entity is concerned about its stakeholders.

2. Details of the scope and coverage of any Human rights due diligence conducted.

   Under these entities shall give insights into the steps taken by the entity to identify & assess the nature of actual & potential adverse human rights impacts that can be caused by its activities.

3. Is the premise/office of the entity accessible to differently abled visitors, as per the requirements of the Rights of Persons with Disabilities Act, 2016?

   Provide efforts taken by an entity to ensure to persons with disabilities access, on an equal basis with others.

4. Details on assessment of value chain partners:

	% of Value Chain Partners (by Value of business done with such partners) that were assessed
Sexual Harassment	
Discrimination at workplace	
Child Labour	
Forced Labour/Involuntary Labour	
Wages	
Other-Please Specify	

This informs stakeholders about an entity's awareness of significant actual & potential negative social impacts in its value chain

5. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 4 above.

   It shall indicate the willingness of the entity to course correct on human rights issues highlighted in case of its value chain partners.

PRINCIPLE 6 (Reporting of Efforts for Environment protection and restoration)

Businesses should respect and make efforts to protect and restore the environment.

The principle is aligned to the ***UN SDG 11 for Sustainable Cities and Communities, SDG 13 for Climate Action, SDG 14 for Life below water, and SDG 15 for Life above land.*** This is because our responsibility to protect nature and the environment is an integral prerequisite for sustainable economic growth, and for the well-being of society. The issues of environment are interconnected from local levels to regional levels and can adversely affect several stakeholders via destroying the natural biodiversity of our planet through issues like pollution, resource depletion, climate change, habitat loss and poor quality of life.

The principle urges the organisations to explore and identify the potential environmental impacts arising out of their operations and supply chain, and to address them with adequate mitigating measures. It also encourages the organisations to find ways of operating by causing fewer impacts to the environment from a precautionary approach to the issues. There are six core elements linked to this principle as below:

- Systems to have identification of environmental impacts, and suitably review them to formulate adequate mitigating mechanisms in the whole value chain. The review to have extra focus on environmentally fragile and protected areas, if applicable.
- The organisations should explore ways of reducing the consumption of natural resources such as fossil fuels, water, electricity, and different raw materials used such as metals, minerals, and forest products.
- The organisations should have measurable performance indicators for environmental issues such as energy, fuels, air, water, land use, pollution, waste generation, and materials.
- The organisations should have a climate change mitigation program in line with the requirements of the national legal framework and the international treaties such as the Paris Agreement.
- The organisations should look at the best practices of reuse, reduce, recycle, and recovery of the resources and materials, and encourage and motivate their stakeholders including the people in their value chain.
- Improve the performance of the organisations with respect to the environment by creative, efficient, and less carbon intensive technologies and solutions, resulting in lower resource footprint and lesser material consumption.

Essential Indicators

1. Details of total energy consumption (in Joules or multiples) and energy intensity, in the following format:

Parameter	**FY 2021-22 (Current Financial Year)**	**FY 2020-21 (Previous Financial Year)**
Total electricity consumption (A)		
Total fuel consumption (B)		
Energy Consumption through other sources (C)		
Total Energy Consumption (A+B+C)		
Energy intensity per rupee of turnover *(Total energy consumption/turnover In Rupees)*		
Energy Intensity (Optional)- the relevant metric may be selected by the entity		

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

1. The entity shall report the total electricity consumed, fuel consumed, and energy consumed from other sources during the reporting period, as applicable. Entities may also specify the other sources, in case the same are significant.

2. Energy can be purchased from sources external to the organization or produced by the organization itself (self-generated). If the organization generates electricity from a non-renewable or renewable fuel source and then consumes the generated electricity, the energy consumption shall be counted only once.

3. The above data shall be reported in terms of Joules or multiples such as Giga Joules. Entities should consistently apply conversion factors, for converting fuel consumption into Joules, for the data disclosed. In case different standards and methodologies are used, the same should be disclosed. Entities should also disclose any contextual information necessary to understand how the data has been compiled, such as any standards, methodologies, assumptions and/or calculation tools used.

4. Energy intensity per rupee of turnover shall be calculated as the total energy consumed divided by the total turnover in rupees.

5. Apart from turnover, entities may on a voluntary basis, provide energy intensity ratio, based on other metrics, such as:

- *units of product;*
- *production volume (such as metric tons, litres, orMWh).*
- *size (such as m2 floorspace).*
- *number of full-time employees*

2. Does the entity have any sites / facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Y/N) If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any.

Perform Achieve and Trade (PAT) scheme ("Scheme") has b been launched by Bureau of Energy Efficiency the National Mission for Enhanced Energy Efficiency (NMEEE) [details available at the following link: https://beeindia.gov.in/content/pat-3]. Under the Scheme, certain sites / facilities are identified as designated consumers and targets are set for such entities in relation to the energy consumption.

3. Provide details of the following disclosures related to water, in the following format:

Parameter	**FY 2021-22 (Current Financial Year)**	**FY 2020-21 (Previous Financial Year)**
Water withdrawal by source (in kilolitres)		
(i) Surface Water		
(ii) Groundwater		
(iii) Third Party water		
(iv) Seawater/ desalinated water		
(v) Others		
Total Volume of water withdrawal (in kilolitres) (i+ii+iii+iv+v)		
Total Volume of water Consumption (in kilolitres)		
Water intensity per rupee of turnover *(Water consumed/ Turnover)*		
Water Intensity *(Optional)* - the relevant metric may be selected by the entity		

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

1. *The entity shall report the total water withdrawn for any use, along-with a break-up of its source into the following:*
   - *Surface water- refers to water that occurs naturally on the Earth's surface in ice sheets, ice caps, glaciers, icebergs, bogs, ponds, lakes, rivers, and streams*
   - *Groundwater–refers to water that is being held in, and that can be recovered from, an underground formation.*
   - *Third party water–refers to municipal water and other private suppliers of water*

- *Seawater/desalinated water–refers to water in a sea or ocean*
- *Other sources - Entities may specify the other sources, in case the same are significant.*

2. *The entity shall report the total water consumption. Total water consumption is a measure of water used by an organization, that it is no longer available for use by the ecosystem or local community, such as water that has been withdrawn and incorporated into products or has evaporated or is polluted to the point of being unusable by other users, and is therefore not released back to surface water, groundwater, seawater, or a third party. It also includes water that has been stored during the reporting period for use or discharge in a subsequent reporting period.*

   If the entity cannot directly measure its water consumption, it may calculate this using the following formula:

   Total water consumption = Total water withdrawal– total water discharge.

3. *The water intensity per rupee of turnover shall be calculated as the total water consumed divided by the total turnover in rupees.*

4. *Apart from turnover, entities may on a voluntary basis, provide water intensity ratio, based on other metrics, such as:*
   - *units of product;*
   - *production volume (such as metric tons, litres, orMWh).*
   - *size (such as m2 floorspace).*
   - *number of full time employees*

5. *Entities should also disclose any contextual information necessary to understand how the data has been compiled, such as any standards, methodologies, assumptions and/or calculation tools used.*

4. Provide the following details related to water discharged:

Parameter	**FY _____ (Current Financial Year)**	**FY ______ (Previous Financial Year)**
Water discharge by destination and level of treatment (in kilolitres)		
(i) To Surface water		
- No treatment		
- With treatment – please specify level of		
treatment		
(ii) To Groundwater		
- No treatment		

Parameter	FY _____ (Current Financial Year)	FY ______ (Previous Financial Year)
- With treatment – please specify level of		
treatment		
(iii) To Seawater		
-No treatment		
-With treatment – please specify level of		
treatment		
(iv) Sent to third parties		
-No treatment		
-With treatment – please specify level of		
treatment		
(v) Others		
-No treatment		
-With treatment – please specify level of		
treatment		
Total water discharged (in kilolitres)		

5. Has the entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation.

A zero liquid discharge system involves using advanced waste-water treatment technologies to recycle, recover and then re-use the treated waste-water; towards ensuring that there is not discharge of the waste-water to the environment.

6. Please provide details of air emissions (other than GHG emissions) by the entity, in the following format:

Parameter	Please specify unit	FY 2021-22 (Current Financial Year)	FY 2020-21 (Previous Financial Year)
NOx			
Sox			
Particulate Matter (PM)			
Persistent organic pollutants (POP)			

Parameter	Please specify unit	FY 2021-22 (Current Financial Year)	FY 2020-21 (Previous Financial Year)
Volatile organic compounds (VOC)			
Hazardous air pollutants (HAP)			
Others - please specify			

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Entities should disclose any contextual information necessary to understand how the data has been compiled, such as any standards, methodologies, assumptions and/or calculation tools used.

7. Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) & its intensity, in the following format

Parameter	Unit	FY 2021-22 (Current Financial Year)	FY 2020-21 (Previous Financial Year)
Total Scope 1 emissions (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available)	Metric tonnes of CO2 equivalent		
Total Scope 2 emissions (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available)	Metric tonnes of CO2 equivalent		
Total Scope 1 and Scope 2 emissions per rupee of turnover			
Total Scope 1 and Scope 2 emission intensity (optional) – the relevant metric may be selected by the entity			

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

1. *The term 'Green House Gas' covers the following gases:*
   - *Carbon dioxide (CO_2)*
   - *Methane (CH_4)*
   - *Nitrous oxide(N_2O)*
   - *Hydrofluorocarbons (HFCs)*
   - *Perfluorocarbons (PFCs)*
   - *Sulphur hexafluoride (SF_6)*
   - *Nitrogen trifluoride (NF_3)*
2. *Scope 1 emissions are direct GHG emissions from sources that are owned or controlled by the entity. Source refers to any physical unit or process that releases GHG into the atmosphere. Further, any emissions that are not physically controlled but result from intentional or unintentional releases of GHGs, such as equipment leakages, methane emissions (eg: from coal mines), shall also be included in the calculations.*
3. *Scope 2 emissions are energy indirect emissions that result from the generation of purchased or acquired electricity, heating, cooling, and steam consumed by the entity.*
4. *Entities may, on a voluntary basis, provide a break- up of the Scope 1 and Scope 2 emissions into CO_2, CH_4, N_2O, HFCs, PFCs, SF_6, NF_3.*
5. *The entity shall exclude any GHG trades (purchase, sale, or transfer of GHG emissions) from the calculation of Scope 1 and Scope 2 GHG emissions.*
6. *The unit for the disclosures shall be metric tonnes of CO_2 equivalent. Further, entities should disclose the standards, methodologies, assumptions and/ or calculation tools used, including sources of the global warming potential (GWP) rates and emission factors used.*
7. *Scope 1 and Scope 2 emission intensity per rupee of turnover shall be calculated as the total Scope 1 and Scope 2 emissions generated divided by the total turnover in rupees.*
8. *Apart from turnover, entities may on a voluntary basis, provide Scope 1 and Scope 2 GHG emission intensity ratio, based on other metrics, such as:*
   - *units of product;*
   - *production volume (such as metric tons, litres, or MWh);*
   - *size (such as m^2 floorspace);*
   - *number of fulltime employees*

8. *Does the entity have any project related to reducing Green House Gas emission? If yes, then provide details.*

- *If the entity has any projects related to reducing greenhouse gas emissions, it should provide a brief description of each project, including its goals, objectives, and progress to date.*
- *The entity should also quantify the expected greenhouse gas reductions from each project, if possible.*
- *If the entity does not have any projects related to reducing greenhouse gas emissions, it should explain why.*

9. Provide details related to waste management by the entity, in the following format:

Parameter	**FY2021-22 (Current Financial Year)**	**FY 2020-21 (Previous Financial Year)**
Total Waste generated (in Metric Tonnes)		
Plastic Waste (A)		
E-Waste (B)		
Bio-Medical Waste (C)		
Construction and demolition waste (D)		
Battery Waste (E)		
Radioactive Waste (F)		
Other Hazardous waste. Please		
specify, if any. (G)		
Other Non-hazardous waste generated (H). Please specify, if any.		
(Break-up by composition i.e. by		
materials relevant to the sector)		
Total (A+B + C + D + E + F + G + H)		

For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes)

Category of Waste		
(I) Recycled	—	—
(ii) Re-used	—	—
(iii) Other recovery operations	—	—
Total		

For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes)

Category of Waste		
(I) Incineration	—	—
(ii) Landfilling	—	—
(iii) Other disposal operations	—	—
Total		

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

1. *The entity shall report the total waste generated in its activities, with a break-up as per the categories specified in various Waste Management Rules issued by the Ministry of Environment, Forests & Climate Change.*

2. *For each respective category of waste generated (plastic, e-waste, bio-medical waste, construction and demolition waste, battery waste, radio-active waste, other hazardous and other non-hazardous waste), the entity shall report the waste that is recovered through recycling, preparing for re-use or through other recovery operations. Guidance on these terms is given below:*

   - *Waste may be recovered through any operation wherein products, components of products, or materials that have become waste are prepared to fulfill a purpose in place of new products, components, or materials that would otherwise have been used for that purpose. Preparation for re-use and recycling are examples of recovery operations.*

   - *Preparation for re-use means checking, cleaning, or repairing operations, by which products or components of products that have become waste are prepared to be put to use for the same purpose for which they were conceived.*

   - *Recycling refers to reprocessing products or components of products that have become waste, to make new materials.*

3. *For each respective category of waste generated (plastic, e-waste, bio-medical waste, construction and demolition waste, battery waste, radio-active waste, other hazardous and other non-hazardous waste), the entity shall disclose the waste that is disposed with the break-up of the disposal method, as follows:*

   - *Waste that is incinerated – incinerations refer to controlled burning of waste at high temperatures.*

   - *Waste that is sent to a landfill - landfilling refers to depositing of waste in sanitary landfills and excludes uncontrolled waste disposal such as open burning and dumping.*

   - *Other disposal operations: Entities may specify the other disposal operations used, in case the same are significant.*

4. *Entities should disclose any contextual information necessary to understand the data, such as any standards, methodologies, assumptions and/or calculation tools used.*

10. Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes.

Under this field, the entity may consider including a description of the activities that lead to significant waste-related impact and the actions taken to manage the impact from such waste. Such actions could include the following:

- Improving materials selection and product design
- Using recycled, re-used or renewable materials
- Substituting inputs that have hazardous characteristics with inputs that are non- hazardous

If the waste generated by the organization in its own activities is managed by a third party, the entity may consider including a description of the processes used to determine whether the third party manages the waste in line with contractual or legislative obligations.

11. If the entity has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals / clearances are required, please specify details in the following format:

S. No.	Location of operations/ offices	Type of Operation	Whether the conditions of environmental approval / clearance are being complied with? (Y/N) If no, the reasons thereof and corrective action taken, if any.

- *<u>A description of the entity's operations/offices in or around ecologically sensitive areas.</u> This should include the location of the operations/offices, the types of activities carried out, and the environmental impacts of these activities.*
- *<u>A description of the environmental approvals/clearances that the entity has obtained.</u> This should include the type of approval/clearance, the date it was issued, and the expiry date.*
- *<u>A description of the steps that the entity is taking to comply with the environmental approvals/clearances.</u>* This should include measures to mitigate the environmental impact of the entity's activities.

- *A description of any significant environmental incidents that have occurred at the entity's operations/offices in or around ecologically sensitive areas. This should include the nature of the incident, the steps taken to address the incident, and the lessons learned.*

12. Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year:

Name and brief details of project	EIA Notification No.	Date	Whether conducted by independent external agency (Yes/No)	Results communicated in public domain (Yes/ No)	Relevant Web Link

This disclosure shall be made if the entity has undertaken EIA in compliance with applicable environmental laws.

13. Is the entity compliant with the applicable environmental law/ regulations/ guidelines in India, such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment protection act and rules thereunder (Y/N). If not, provide details of all such non-compliances, in the following format:

S. No.	Specify the law / regulation / guidelines which was not complied with	Provide details of the non-compliance	Any fines / penalties / action taken by regulatory agencies such as pollution control boards or by courts	Corrective action taken if any

The entity would need to assess its compliance with all applicable environmental laws and regulations in India. This would include reviewing its environmental permits and consents, as well as its environmental management systems and practices. The entity would also need to review its environmental performance data to ensure that it is meeting all applicable standards.

If the entity is found to be non-compliant with any environmental laws or regulations, it would need to take steps to rectify the situation. This may involve making changes to its operations, implementing new environmental management systems, or paying fines or penalties.

Leadership Indicators

1. Water withdrawal, consumption, and discharge in areas of water stress (in kilolitres):

   For each facility / plant located in areas of water stress, provide the following information:

   (I) Name of the area

   (ii) Nature of operations

   (iii) Water withdrawal, consumption, and discharge in the following format:

Parameter	FY 2021-22 (Current Financial Year)	FY 2020-21 (Previous Financial Year)
Water withdrawal by source (in kilolitres)		
(I) Surface Water		
(ii) Ground Water		
(iii) Third Party water		
(iv) Seawater/ desalinated water		
(v) Others		
Total Volume of water withdrawal (in kilolitres) (i+ii+iii+iv+v)		
Total Volume of water Consumption (in kilolitres)		
Water intensity per rupee of turnover *(Water consumed/ Turnover)*		
Water Intensity (Optional) - the relevant metric may be selected by the entity		
Water discharge by destination and level of treatment (in kilolitres)		
(I) To Surface Water		
- No Treatment		
- With Treatment-please specify level of treatment		
(ii) To Groundwater		
- No Treatment		
- With Treatment-please specify level of treatment		
(iii) To Seawater		
- No Treatment		
- With Treatment-please specify level of treatment		
(iv) Sent to third-Parties		
- No Treatment		
- With Treatment-please specify level of treatment		
(V) Others		
- No Treatment		
- With Treatment-please specify level of treatment		
Total Water discharged (in Kilolitres)		

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency

1. *Areas of water stress are those where there is inability to meet the human and ecological demand for water. It can refer to the availability, quality, or accessibility of water. Further, areas classified as "over-exploited" or "critical" by the Central Groundwater Board, shall fall under area of water stress.*

   (Reference: http://cgwb.gov.in/gwresource.html).

2. *The entity may also refer to the guidance at Question3 of Essential indicators and Question 2 of Leadership Indicators under P6.*

3. *Please provide details of total Scope 3 emissions & its intensity, in the following format:*

Parameter	Unit	FY 2021-22 (Current Financial Year)	FY 2020-21 (Previous Financial Year)
Total Scope 3 emissions (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs,SF6, NF3, if available)	Metric tonnes of CO2 equivalent		
Total Scope 3 emissions per rupee of turnover			
Total Scope 3 emission intensity (optional) – the relevant metric may be selected by the entity			

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

1. *Scope 3 emissions are indirect GHG emissions (not included in energy indirect (Scope) GHG emissions) that occur outside of the organization, including both upstream and downstream emissions.*

2. *Upstream categories can include purchased goods and services, capital goods, upstream transportation and distribution, business travel, etc.*

   Downstream categories can include downstream transportation and distribution, processing of sold products, end-of-life treatment of sold product set.

3. *Entities may, on a voluntary basis, provide a break- up of the Scope 3 emissions into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3.*

4. *The entity shall exclude any GHG trades (purchase, sale, or transfer of GHG emissions) from the calculation of Scope 3 GHG emissions.*

5. *The unit for the disclosures shall be metric tonnes of CO2 equivalent. Entities should consistently apply global warming potential (GWP)*

rates and emission factors used for the data disclosed and disclose the source of the rates / factors. Further, entities should disclose the standards, methodologies, assumptions and/or calculation tools used, including sources of the global warming potential (GWP) rates and emission factors used.

Scope 3 emission intensity per rupee of turnover shall be calculated as the total Scope 3 emissions generated divided by the total turnover in rupees. Apart from turnover, entities may on a voluntary basis, provide Scope 3 GHG emission intensity ratio, based on other metrics, such as:

- *units of product;*
- *production volume (such as metric tons, litres, orMWh);*
- *size (such as m2 floorspace);*
- *number of full-time employees*

3. With respect to the ecologically sensitive areas reported at Question 10 of Essential Indicators above, provide details of significant direct & indirect impact of the entity on biodiversity in such areas along-with prevention and remediation activities.

Under this field, for the ecologically sensitive areas reported by the entity at Question 10 of Essential indicatorsunderPrinciple6,theentitycanreportany impact of its operations that could adversely affect the integrity of such an area, either directly or indirectly, by substantially changing its ecological features, structures, and functions across its whole area, and over the long term, so that habitat, its population levels, and the particular species that make the habitat important cannot be sustained.

4. If the entity has undertaken any specific initiatives or used innovative technology or solutions to improve resource efficiency, or reduce impact due to emissions / effluent discharge / waste generated, please provide details of the same as well as outcome of such initiatives, as per the following format:

Sr. No.	Initiative undertaken	Details of the initiative (Web-link, if any, may be provided along with summary)	Outcome of the initiative

Entities should also provide a narrative explanation of their performance on resource efficiency, emissions, effluent discharge, and waste generation. This narrative should explain the factors that have influenced the entity's performance and should highlight any key areas of improvement.

5. Does the entity have a business continuity and disaster management plan? Give details in 100 words/ web link.

The company should disclosure on business continuity and disaster management plan. However, it is important to ensure that the disclosure is *comprehensive and provides investors with a clear understanding of how the company is prepared to manage disruptions to its business.*

Companies may provide a link to their full business continuity and disaster management plan on their website. This can be a good way to provide more detailed information about the plan to investors and other stakeholders.

6. Disclose any significant adverse impact to the environment arising from the value chain of the entity. What mitigation or adaptation measures have been taken by the entity in this regard.

   Companies disclose any significant adverse impact to the environment, arising from the value chain of the entity. This includes impacts related to the company's own operations, as well as those of its suppliers and customers.

7. Percentage of value chain partners (by value of business done with such partners) that were assessed for environmental impacts.

   Entities to assess the environmental impacts of their value chain partners. This is an important step in ensuring that businesses are taking responsibility for the full environmental footprint of their operations. By assessing and managing the environmental impacts of their value chain partners, businesses can reduce their overall environmental impact and contribute to a more sustainable future.

PRINCIPLE 7 (Reporting of Good Presence of Business in society)

Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent.

The principle is based on the understanding that national and international legal frameworks have a very important effect on the businesses that operate within that area and decide their growth prospects in a significant manner. The principle does not forbid the organisation to work with the government for policy formulations but reiterates that the organisation has a responsibility to be transparent. The core elements include:

- The organisation should have a system of having complete public disclosure when in an advocacy role consistent with the NGRBC.
- The industry associations and trade and commerce groups should be used to take up policy advocacy to the Government, especially in matters that affect the policies that relate to the organisation.
- Businesses should ensure that its policy advocacy positions promote fair competition and respect for human rights.

Essential Indicators

1.

   a) Number of affiliations with trade and industry chambers/ associations.

b) List the top 10 trade and industry chambers/ associations (determined based on the total members of such body) the entity is a member of/ affiliated to.

S. No.	Name of the trade and industry chambers/ associations	Reach of trade and industry chambers/ associations (State/ National)
1		
2		

a. The disclosure is intended to provide stakeholders with an understanding of the company's engagement with the trade and industry bodies that represent its interests.

b. It is intended to provide stakeholders with a more detailed understanding of the company's engagement with the trade and industry bodies that represent its interests.

2. Provide details of corrective action taken or underway on any issues related to anti- competitive conduct by the entity, based on adverse orders from regulatory authorities.

Name of authority	Brief of the case	Corrective action taken

The company should disclose the corrective action that they are taking in the report, even if the corrective action is still underway.

Leadership Indicators

1. Details of public policy positions advocated by the entity:

S. No.	Public policy advocated	Method resorted for such advocacy	Whether information available in public domain? (Yes/No)	Frequency of review by Board (Annually/ Half Yearly/ Quarterly/ Others-Please Specify)	Web Link, If available

The listed shall disclose issues that are the focus of its participation in public policy development.

Further, the entity shall provide the details of methods resorted to in each case including affiliation with other similar business entities by forming coalitions, representing through trade chambers, social marketing, etc.

The entity shall select Yes or No, as the case may be, for the availability of information on each public policy advocated in public domain.

Select the appropriate frequency of Board review, such as:

- *Quarterly*
- *Half-yearly*
- *Annually*

Others, please specify.

Also provide the link of the document containing details of such public policy position advocated in the public domain, if available.

PRINCIPLE -8 (Reporting of Equitable Development)

Businesses should promote inclusive growth and equitable development.

The principle is guided by Section 135 of the Companies Act, 2013 that calls for a specific focus on disadvantaged, vulnerable, and marginalized communities. The principle is also in line with the ***UN SDG 17 for Partnerships for sustainability.*** The large sections of the under privileged population in India face economic and social challenges which is detrimental to the inclusive growth in the country. The principle revolves around the concept that economic prosperity, inclusive growth, and equitable development are related to each other. The core elements to this principle are as below:

- The organisation should have systems in place to identify and address impacts to the social, cultural, and economic aspects of the people. This includes business created issues like land acquisition and use and construction activities for new facilities.
- The organisation should make efforts to bring up creative products, technologies, and business concerns that help the marginalized communities to have well-being and a better quality of life.
- Organisations when designing their CSR activities, should review the local and regional development priorities to help the marginalized groups and communities.
- The organisation should take care to ensure that business induced displacement or relocation of communities does not happen, and in unavoidable cases, should make sure to have mutually agreed, participative, and informed negotiations to provide fair compensation to the affected people.
- All forms of intellectual property and traditional knowledge should get the deserved respect from the organisation, and efforts should be made to ensure that benefits derived from their knowledge are shared equitably.

Essential Indicators

1. Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year.

Name and brief details of projects	SIA Notification No.	Date of Notification	Whether conducted by independent external agency (Yes/ No)	Results communicated in public domain (Yes/ No)	Relevant web link

This disclosure shall be made if the entity has undertaken SIA in compliance with laws such as the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013.

2. Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity, in the following format:

S. No.	Name of Project for which R&R is ongoing	State	District	No. of Project Affected Families (PAFs)	% of PAFs covered by R&R	Amount paid to PAFs in the FY (in INR)

The company can also provide more detailed information on the progress made on the implementation of the R&R plan, including the number of PAFs resettled and the number of PAFs who have received livelihood support, the status of the development of infrastructure and other amenities for the resettled PAFs, and the measures taken to address the grievances of the local community. The company can also discuss any challenges faced in the implementation of the R&R plan and the steps taken to address them.

3. Describe the mechanisms to receive and redress grievances of the community.

Local communities are defined as persons or groups of persons living and/or working in any areas that are economically, socially, or environmentally impacted (positively or negatively) by an organization's operations. The local community can range from persons living adjacent to an organization's operations, to those living at a distance who are still likely to be impacted by these operations.

4. Percentage of input material (inputs to total inputs by value) sourced from suppliers:

	FY 2021-22 Current Financial Year	FY 2020-21 Previous Financial Year
Directly sourced from MSMEs/ small producer		
Sourced directly from within the district and neighboring districts		

1. *Small producers mean those where the owner herself or himself is a worker and includes informal and/or producers such as self-help groups and home-based workers as well as producer-owned entities such as cooperatives and producer companies.*

2. *MSME is defined by Ministry of MSME as:*

   - **Micro:** Investment in Plant and Machinery or Equipment not more than Rs.1 crore and Annual Turnover not more than Rs. 5 crores

   - **Small:** Investment in Plant and Machinery or Equipment not more than Rs.10 crore and Annual Turnover not more than Rs. 50 crores

   - **Medium:** Investment in Plant and Machinery or Equipment not more than Rs.50 crore and Annual Turnover not more than Rs. 250 crores

5. Job creation in smaller towns – Disclose wages paid to persons employed (including employees or workers employed on a permanent or non-permanent / on contract basis) in the following locations, as % of total wage cost:

Location	FY Current Financial Year	FY Previous Financial Year
Rural		
Semi-urban		
Urban		
Metropolitan		

(Place to be categorized as per RBI Classification System - rural / semi-urban / urban / metropolitan)

The company can briefly disclose explanation of the company's policies and practices related to job creation in smaller towns. For example, the company could mention any programs or initiatives it has in place to attract and retain employees in these areas.

Leadership Indicators

1. Provide details of actions taken to mitigate any negative social impacts identified in the Social Impact Assessments (Reference: Question 1 of Essential Indicators above):

Details of negative social impact identified	Corrective action taken

Companies provide comprehensive and concise disclosures. This means that it should provide sufficient detail to allow stakeholders to understand the nature and extent of the negative social impacts, the actions taken to mitigate these impacts, and the effectiveness of the mitigation measures.

2. Provide the following information on CSR projects undertaken by your entity in designated aspirational districts as identified by government bodies:

S. No.	State	Aspirational District	Amount spent (In INR)

As per the 'Transformation of Aspirational Districts' programme of the Government, a list of districts has been identified for quick and effective transformation. For additional details, refer to the following link: https://niti.gov.in/about-aspirational-districts-programme

3. (a) Do you have a preferential procurement policy where you give preference to purchase from suppliers comprising marginalized /vulnerable groups? (Yes/No)

   (b) From which marginalized /vulnerable groups do you procure?

   (c) What percentage of total procurement (by value) does it constitute?

   Companies must provide a brief description of preferential procurement policy, including the criteria for selecting suppliers and the benefits that are provided to marginalized/vulnerable groups.

4. Details of the benefits derived and shared from the intellectual properties owned or acquired by your entity (in the current financial year), based on traditional knowledge:

S. No.	Intellectual Property based on traditional knowledge	Owned/ Acquired (Yes/No)	Benefit shared (Yes/ No)	Basis of calculating benefit share

Provide brief information of intellectual properties based on traditional knowledge owned or acquired by the business in the current Financial Year, mention Yes / No for Owned or Acquired, as the case may be. Select Yes or No as the case may be whether benefit arising out of such IPRs are shared on the lines of Access to Biological Resources and Associated Knowledge and Benefits Sharing Regulations, 2014.

Intellectual Properties

Intellectual property refers to creations of the mind: such as inventions, literary, musical and artistic works, and symbols, names, images and designs used in commerce, for which the IP owners are granted certain exclusive rights under the corresponding national IP laws. Common types of IP include patents (inventions), copyrights, trademarks, industrial designs, software, geographic indications and trade secrets, etc.

Traditional Knowledge *refers to any indigenous, technical, ecological, scientific, medical or cultural knowledge which is not necessarily documented but is in use by or generally known to communities. Typical examples include antiseptic properties of neem, turmeric, etc.*

Briefly outline the basis for calculating the benefits shared by the company with the "owners" of such traditional knowledge.

5. Details of corrective actions taken or underway based on any adverse order in intellectual property related disputes wherein usage of traditional knowledge is involved.

Name of Authority	Brief of the case	Corrective action taken

By disclosing information on corrective actions taken or underway to address adverse orders in intellectual property related disputes wherein usage of traditional knowledge is involved, companies can demonstrate their commitment to respecting traditional knowledge and upholding the rights of indigenous communities.

6. Details of beneficiaries of CSR Projects:

S. No.	CSR Project	No. of persons benefitted from CSR Projects	% of beneficiaries from vulnerable and marginalized groups

For each CSR Project undertaken by the company, enter:

(a) total number of beneficiaries,

(b) percentage of such beneficiaries belonging to vulnerable and marginalized group

The company should disclose total number of beneficiaries and the percentage of beneficiaries belonging to vulnerable and marginalized groups for each CSR project, companies can demonstrate their commitment to social responsibility and inclusive development.

PRINCIPLE- 9 (Reporting of Service to Customers)

Businesses should engage with and provide value to their consumers in a responsible manner.

This Principle is related to the concept that the primary purpose of the business enterprise is to create wealth by producing quality products, or delivering services to the targeted customer, and keeping them satisfied to mutually benefit both the parties. The principle comprehends that the customer has freedom of choice of the products and services, and hence the organisations will put their efforts to provide quality at affordable and reasonable process, that are easy to use and dispose of. It also aligns with the UN SDG-12 for responsible consumption and production, when is expects the business organisations to educate, make information available to the customers about the impacts of excessive usage of the products to their well-being, and to the society or the planet. There are eight core elements for this principle as below:

- Organisations should put in their efforts to reduce the negative impacts of their products and services on consumers, the natural environment and society at large.
- When conceptualizing, designing, and marketing their products, the organisation should not, in any manner, prevent the freedom of choice and fair competition.
- The organisation should transparently and accurately disclose all kinds of adverse impacts to the user, planet, society, on the biodiversity of their products. This may be done by labeling, marketing, or by providing information on their social media platforms.
- When handling customer data, the right to privacy of the customer needs to be maintained.
- Organisations should inform the consumers on the safe and responsible ways of usage, reuse, recycling, and disposal of their products, and ways to eliminate over-consumption.
- When advertising their products, the organisations should ensure that misleading and confusing information is not exposed to the consumers about their products or its usage.
- Business enterprises should make available transparent and accessible grievance redressal and feedback management systems for their consumers to raise their voices or to seek clarifications.
- Organisations, when in the business of providing essential goods and services (e.g. Utilities), should enable universal access, including to those whose services have been discontinued for any reason, in a non-discriminatory and responsible manner.

Essential Indicators

1. *Describe the mechanisms in place to receive and respond to consumer complaints and feedback.*

    - *Provide multiple channels for consumers to submit complaints and feedback.* *This could include a dedicated customer service phone line, email address, website form, or social media messaging.*
    - *Make it easy for consumers to submit complaints and feedback.* *The complaint and feedback process should be straightforward and user-friendly.*
    - *Acknowledge consumer complaints and feedback promptly.* *Consumers should receive confirmation that their complaint or feedback has been received within a reasonable amount of time.*

- *Investigate consumer complaints and feedback thoroughly. Businesses should take the time to understand the issue and identify a resolution.*

- *Respond to consumer complaints and feedback in a timely and professional manner. Consumers should receive a response to their complaint or feedback within a reasonable amount of time, and the response should be clear, concise, and respectful.*

- *Take action to resolve consumer complaints and feedback. Businesses should work to resolve consumer complaints and give feedback to the best of their ability. If a resolution is not possible, the business should explain why and offer other options to the consumer.*

2. Turnover of products and/ services as a percentage of turnover from all products/ service that carry information about:

	As a percentage to total turnover
Environmental and social parameters relevant to the product	
Safe and responsible usage	
Recycling and/or safe disposal	

Once the company has identified all of its eligible products and services, it should calculate the total turnover generated from these products and services. This figure can then be divided by the company's total turnover to arrive at the percentage of turnover from products and services that carry information about environmental and social parameters, safe and responsible usage, and recycling and/or safe disposal.

The disclosure should be made for the top products or services that account for 90% of the entity's turnover (in descending order). The entity should also disclose whether the information is provided on the product label, in the product manual, or on the company's website.

3. Number of consumer complaints in respect of the following:

	FY 2021-22 (Current Financial Year)		**Remarks**	**FY 2020-21 (Previous Financial Year)**		**Remarks**
	Received during the year	**Pending resolution at end of year**		**Received during the year**	**Pending resolution at end of year**	
Data privacy						
Advertising						
Cyber-security						
Delivery of essential services						
Restrictive Trade Practices						
Unfair Trade Practices						
Quality Complaints						

Provides an evaluation of the success of complaints management systems & procedures relating to them.

4. Details of instances of product recalls on account of safety issues:

	Number	Reasons for recall
Voluntary recalls		
Forced recalls		

A product recall is the process of retrieving defective and/or potentially unsafe goods from consumers. In this regard, mention the number of instances and reasons for voluntary or forced recall of products of the entity.

5. Does the entity have a framework/ policy on cyber security and risks related to data privacy? (Yes/No) If available, provide a web-link of the policy.

If the entity has a framework/policy on cyber security and risks related to data privacy, then provide with a web-link to the policy, if available. This will help to understand how the entity is managing cyber security and data privacy risks, and to assess whether the entity is compliant with relevant regulations.

If the entity does not have a framework/policy on cyber security and risks related to data privacy, then the entity should be advised to develop one. This is important to help the entity manage cyber security and data privacy risks effectively, and to comply with relevant regulations.

6. Provide details of any corrective actions taken or underway on issues relating to advertising, and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty / action taken by regulatory authorities on safety of products / services.

- *<u>Advertising:</u> Disclose any corrective actions taken or underway to address complaints or concerns about advertising practices, such as misleading, deceptive, or harmful advertising. This could include measures such as reviewing and revising advertising policies and procedures, conducting training for employees on responsible advertising practices, and implementing new monitoring and enforcement mechanisms.*

- *<u>Delivery of essential services:</u> Disclose any corrective actions taken or underway to address disruptions or failures to deliver essential services, such as electricity, water, and telecommunications services. This could include measures such as investing in new infrastructure and technologies, developing contingency plans for disruptions, and improving customer communication.*

- *<u>Cyber security and data privacy of customers:</u> Disclose any corrective actions taken or underway to address cyber security incidents or data breaches. This could include measures such as implementing new security technologies and procedures, conducting security audits, and providing training for employees on cyber security best practices.*

- *<u>Re-occurrence of instances of product recalls:</u> Disclose any corrective actions taken or underway to prevent the re-occurrence of product recalls. This could include measures such as improving product quality control processes, conducting more rigorous testing, and developing new recall procedures.*

- *Penalty / action taken by regulatory authorities on safety of products / services: Disclose any penalties or actions taken by regulatory authorities on the safety of products or services. This could include fines, recalls, or other corrective measures.*

7. Provide the following information relating to data breaches:

   a. Number of instances of data breaches

   b. Percentage of data breaches involving personally identifiable information of customers

   c. Impact, if any, of the data breaches

   Data breaches are a serious threat to both individuals and organizations. Organizations should take steps to protect their data and to respond effectively to data breaches if they do occur.

Leadership Indicators

1. Channels / platforms where information on products and services of the entity can be accessed (provide web link, if available).

   Describe the Channels / platforms where information on goods and services of the business can be accessed. For Example, websites of the company, Mobile Apps, Help Desks, Call Centers, etc. Also, provide a link to the document containing such information if available in the public domain.

2. Steps taken to inform and educate consumers about safe and responsible usage of products and/or services.

   - *Identify the target audience and their needs. What are the specific risks and challenges that consumers face in using your products or services? What information and resources do they need to stay safe and responsible?*

   - *Develop clear and concise safety and responsibility guidelines. These guidelines should be tailored to the specific needs of your target audience and should be easy to understand and follow.*

   - *Use a variety of channels to communicate your safety and responsibility guidelines to consumers. This could include product packaging, websites, social media, email marketing, and in-store signage. You may also want to consider developing educational materials, such as videos, infographics, and blog posts.*

   - *Make it easy for consumers to access your safety and responsibility guidelines. Post them on your website and include them in product packaging and marketing materials. You may also want to provide them to consumers in person, such as at retail stores or customer service centers.*

   - *Provide training to customer-facing staff on your safety and responsibility guidelines. This will ensure that they are able to answer consumer questions and provide guidance on how to use your products or services safely and responsibly.*

- *Monitor and update your safety and responsibility guidelines on a regular basis. This will help to ensure that they are accurate and up-to-date, and that they meet the needs of your target audience.*

3. Mechanisms in place to inform consumers of any risk of disruption/ discontinuation of essential services.

   Companies to have mechanisms in place to inform consumers of any risk of disruption/discontinuation of essential services. This requirement is intended to ensure that consumers have adequate notice of any potential disruptions to essential services, so that they can make informed decisions about how to manage their affairs.

4. Does the entity display product information on the product over and above what is mandated as per local laws? (Yes/No/Not Applicable) If yes, provide details in brief. Did your entity carry out any survey regarding consumer satisfaction relating to the major products / services of the entity, significant locations of operation of the entity or the entity as a whole? (Yes/No)

   The entity should carry out surveys about consumer satisfaction relating to its major products/services, significant locations of operation, or the entity as a whole. This will help the entity to identify areas where it can improve its products/ services and operations.

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MODULE THREE: DEEP DIVE IN GOVERNANCE ISSUES AND RISK MANAGEMENT

Module 3 of this Course material invites readers on a critical journey into the heart of a responsible organization, offering a deep dive into governance, risk management, and the evolving landscape of ESG integration. Exploration goes beyond mere reporting requirements, providing readers with the knowledge and tools necessary to construct a robust foundation for sustainable success.

Key Elements

- ***Board Composition and BRSR:*** Explore the crucial role of Boards in BRSR reporting, understanding how composition, responsibilities, and evaluation of material BRSR indicators contribute to effective governance.

- ***ESG Transforming Corporate Governance:*** Witness the impact of ESG (Environmental, Social, and Governance) on the corporate landscape, identifying key trends in reporting expectations and understanding how BRSR aligns with broader governance frameworks.

- ***Specialized Board Committees for ESG:*** Grasp the importance and functions of specialized committees like Anti-Bribery and Anti-Corruption, Ethics, and Sustainability, recognizing their role in driving positive change.

- ***Anti-Bribery and Anti-Corruption:*** Demystify the legal and ethical landscape of anti-bribery and anti-corruption efforts, learning about policy development, implementation strategies, and continuous improvement practices.

- ***Ethics and Code of Good Corporate Behavior:*** Define ethical practices in a corporate context, exploring the value of a robust Code of Good Corporate Behavior and its key components. Delve into its development, implementation, and communication strategies.

- ***ESG Evolution and Challenges:*** Navigate the evolving landscape of ESG, identifying current challenges and charting a strategic future path to build a more resilient and sustainable future.

- ***Risk Management on Sustainability:*** Understand the necessity and benefits of risk management in addressing ESG concerns, learning to identify, measure, assess, mitigate, and manage sustainability-related risks.

- ***Integrating ESG into Business Strategy:*** Discover how to seamlessly integrate ESG considerations into your business strategy, creating a holistic approach to sustainable success. Explore the role of management in ESG risk management and future trends in the field.

- ***Case Studies:*** Navigating Challenges and Seizing Opportunities: Learn from real-world examples of companies successfully managing ESG risks and unlocking new possibilities.

Module 3 aims to equip you with:

- A comprehensive understanding of governance and risk management in the context of BRSR and ESG.
- The ability to effectively structure and evaluate your board's role in driving sustainable practices.
- Skills to develop and implement robust anti-bribery, anti-corruption, and ethical guidelines within your organization.
- Confidence in integrating ESG considerations into your business strategy, mitigating risks, and seizing new opportunities.

By taking a deep dive into the essential pillars of responsible business practices, Module 3 empowers readers to contribute to building a more sustainable and ethical future for their organization and beyond.

3.1 ESG Transforming the Corporate Landscape

In the contemporary corporate landscape, the integration of Environmental, Social, and Governance (ESG) principles has emerged as a transformative force, reshaping the fundamental dynamics of business. ESG encapsulates a comprehensive framework that goes beyond traditional profit-centric approaches, emphasizing the interconnectedness of environmental stewardship, social responsibility, and robust governance practices.

This transformative shift signifies a departure from the narrow pursuit of financial gains toward a more holistic and sustainable business model. The shift signifies a marked departure from shareholder theory to stakeholder theory. As corporations grapple with the complex challenges of the 21st century, ranging from climate change and social inequality to ethical governance dilemmas, the incorporation of ESG considerations have become not just a moral imperative but a strategic necessity. This paradigm shift is redefining how businesses perceive their role in society, compelling them to adopt a triple-bottom-line approach that accounts for their impact on the planet, people, and profit.

The profound influence of ESG on the corporate landscape is evident in the growing recognition that financial success must align with environmental preservation, social equity, and transparent governance to ensure long-term viability. This introduction explores the multifaceted ways in which ESG is transforming the corporate landscape, examining the drivers behind this evolution and the implications for businesses navigating a landscape where sustainability and responsibility are not just buzzwords but integral components of corporate resilience and success.

ESG has indeed been transforming the corporate landscape in recent years in several ways. The following factors have contributed to such transformation.

a. *Investor Focus*

ESG factors have fundamentally reshaped corporate landscapes, capturing investor attention like never before. Investors now recognize the intimate connection between a company's financial performance and its ESG practices. This shift reflects a widespread understanding that sustainable and socially responsible actions are not only ethical but also economically wise.

Companies with strong ESG credentials are seen as more resilient and better positioned for long-term success. Investors are actively seeking opportunities that align with their values, driving corporations to prioritize transparency, environmental stewardship, social responsibility, and governance. There is a growing inclusion of ESG parameters in the investment philosophy spanning beyond the impact funds.

ESG considerations have moved from niche to mainstream investment strategies, prompting companies to integrate sustainability into their core strategies to attract and retain investor interest. This marks a new era where financial returns are intertwined with responsible business practices.

b. *Shareholder Activism*

ESG considerations have sparked a significant change in shareholder activism, reshaping how companies operate. Shareholders, once focused solely on financial gains, now use ESG criteria to push for transparency and ethical practices. They're increasingly proposing resolutions on environmental, social, and governance issues like climate change and diversity.

Shareholders recognize that sustainable practices are not only right but also crucial for long-term success. This shift reflects an understanding that ESG factors affect risk management and a company's reputation. As shareholder activism grows within the ESG framework, companies must integrate sustainable practices to thrive in a business world that values responsible stewardship.

c. Regulatory Pressure

ESG has become a major force in business, largely due to increasing global regulations. Governments worldwide are responding to issues like climate change and social inequality by imposing strict ESG rules. This means companies must rethink their operations and put sustainability first. Regulations now demand things like disclosing environmental impacts, GHG emissions and promoting diversity. It's not just about doing the right thing anymore; it's a legal requirement. In fact, there has been an increasing push on assurance of ESG reporting recently.

As regulations evolve, businesses must comply with ESG standards to stay viable and earn trust from a broader spectrum of shareholders. ESG is now a key part of how companies are run, how they communicate information, and how they contribute to a more sustainable world.

d. Consumer and Stakeholder Demand

ESG has driven a big change in how companies operate, thanks to increased demands from consumers and stakeholders. People are more aware of environmental and social issues, so they're choosing to support businesses that prioritize sustainability and ethics. Companies realize they need to respond to this demand not just to be responsible but to keep customers happy and maintain a good reputation.

Stakeholders like investors and employees are also pushing for transparency and accountability. Businesses that embrace ESG principles meet these expectations and build stronger relationships with customers and stakeholders. This shift shows that success isn't just about making money; it's also about addressing social concerns and being responsible stewards of resources.

e. Risk Mitigation

ESG has changed how companies handle risks by becoming a key part of their strategies. As businesses face environmental, social, and governance challenges, integrating ESG principles helps them identify and manage risks better.

Companies are now focusing on sustainability, reducing their environmental impact, promoting diversity, and being transparent in governance. This not only makes them more resilient to emerging risks but also builds trust with stakeholders. ESG-driven risk management is now a central part of corporate strategy, helping businesses thrive in a complex world while supporting global sustainability goals. As part of BRSR requirement, businesses are stipulated to identify material ESG issues and analyze whether they are risk or opportunity and evaluate the financial impact of the same. Risk Assessment is one of the pre-requisites for effective ESG practice.

f. Innovation and Competitive Advantage

ESG is driving big changes in how companies innovate and compete. Businesses see sustainability not just as a rule to follow but as a source of new ideas. They're finding ways to be greener, like with clean technology and renewable energy, which leads to better products and operations. Energy consumption optimization and effective mechanisms for waste disposal are also high on agenda due to the ESG emphasis. Social factors like diversity also spark innovation by bringing in different perspectives and talents.

Plus, strong governance practices build trust and make companies more competitive. ESG-driven innovation doesn't just tackle global issues; it also puts companies ahead in new markets and with consumers. By integrating ESG into their strategies, companies not only manage risks but also build a culture of resilience and innovation, giving them a leg up in a world where sustainability is key to long-term success and leadership.

g. Reporting and Transparency

ESG has caused a major change in how companies report and share information. They're now giving detailed accounts of their environmental, social, and governance efforts to meet growing demands from investors, stakeholders, and consumers. This transparency isn't just about following rules; it's become a way for companies to show they're serious about responsible business practices. It's not just about sharing ESG information; it's about changing how companies operate and show their values.

In this new era, transparency isn't just a trend; it's crucial for building trust and credibility. ESG has fundamentally changed how companies talk about their values, performance, and commitment to long-term sustainability, making transparency a key part of corporate governance. ESG reporting is the art of communicating the impact created by ESG practices of the entity to the stakeholders.

h. Sustainable Business Models

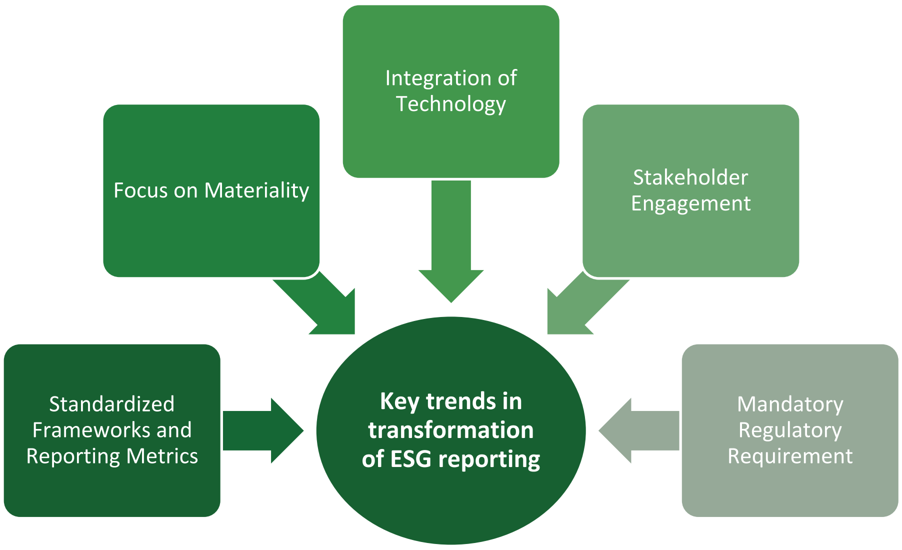
ESG has brought about a big change in how companies operate, shifting their focus from short-term profits to long-term value creation. They're prioritizing sustainability by reducing carbon footprints, opting for using renewable energy, and being more efficient with resources. Social responsibility is also key, with initiatives like diversity and fair labor practices improving relationships with stakeholders and enhancing brand reputation.

Governance reforms emphasize transparency and ethical decision-making, preventing corporate misconduct. This holistic approach doesn't just reduce risks; it also improves financial performance and attracts responsible investors. With ESG guiding corporate behavior, sustainable business models are no longer a niche idea but a mainstream necessity, reshaping the corporate world to prioritize both profit and planet, society, and ethics.

Business models can no longer be solely based on financial projections and viability. Incorporation of ESG factors like climate change risk are required to be factored.

ESG is having a profound impact on the corporate landscape, shaping the way companies operate, interact with stakeholders, and approach sustainability and social responsibility. As ESG continues to evolve, it will likely play an even more significant role in shaping the future of business and finance.

3.2 Key trends in the transformation of ESG reporting expectations



The transformation of ESG reporting expectations is marked by five key trends that reflect a growing emphasis on transparency, accountability, and comprehensive disclosure.

Firstly, there is a shift towards standardized frameworks and reporting metrics, such as those provided by organizations like the Global Reporting Initiative (GRI) and Sustainability Accounting Standards Board (SASB), facilitating comparability and consistency across industries. A recent addition is IFRS S1 and IFRS S2. IFRS S1 provides a set of disclosure requirements designed to enable companies to communicate to investors about the sustainability-related risks and opportunities they face over the short, medium and long term. IFRS S2 sets out specific climate-related disclosures and is designed to be used with IFRS S1.

Secondly, there is a heightened focus on materiality, with companies identifying and reporting on ESG issues most relevant to their specific business and stakeholders. Concepts like dynamic materiality and double materiality are gaining prominence in ESG.

Thirdly, the integration of technology, including blockchain, internet of things and artificial intelligence, is streamlining data collection and enhancing the accuracy of ESG reporting.

Fourthly, stakeholder engagement is becoming more interactive, with companies actively seeking input from investors, customers, and communities to inform their reporting practices. Stakeholder mapping is being considered a very critical area of ESG reporting.

Finally, regulatory bodies and stock exchanges are increasingly mandating ESG disclosure, reflecting a global trend towards making ESG reporting a regulatory requirement rather than a voluntary initiative.

These trends collectively signify a dynamic evolution in ESG reporting expectations, reflecting the growing recognition that transparent and standardized reporting is essential for fostering trust, guiding responsible investment decisions, and driving sustainable corporate practices.

3.3 Focus areas in the transformation of ESG reporting expectations

The transformation of ESG reporting expectations:

a. F**ocus on materiality:** Companies are increasingly expected to focus on reporting on the ESG issues that are most material to their business and stakeholders. This means identifying and prioritizing the ESG issues that have the greatest impact on the company's financial performance, long-term sustainability, and reputation.

b. **Use of standardized frameworks:** There is a growing trend towards the use of standardized frameworks for ESG reporting. These frameworks provide a common set of metrics and definitions, which makes it easier for investors and other stakeholders to compare the ESG performance of different companies.

c. **Assurance:** Investors and other stakeholders are increasingly demanding assurance over the quality and accuracy of ESG reporting. This can be provided by independent assurance practitioners and third-party assurance providers.

d. **Integration with financial reporting:** There is a growing trend towards the integration of ESG reporting with financial reporting. This is helping to make

ESG information more accessible to investors and other stakeholders, and to show how ESG performance is linked to financial performance.

e. **Investor demand:** Investors are increasingly using ESG factors to inform their investment decisions, and they are demanding more transparency and accountability from companies regarding their ESG performance.

f. **Regulatory changes:** A growing number of countries and jurisdictions are mandating ESG reporting for certain types of companies and such frameworks are also getting modified and upgraded.

g. **Sustainability risks:** Companies are facing growing risks from climate change, social unrest, and other sustainability challenges. ESG reporting is now being mandated for all stakeholders to understand, appreciate and / Or mitigate such risks.

The transformation of ESG reporting expectations is a positive development. It helps to raise the bar for ESG performance and transparency, and to make companies more accountable to their stakeholders.

3.4 Board of Directors and BRSR Reporting

In the world of business, transparency and sustainability are no longer optional; they are imperatives for long-term success. As corporations embrace the principles of responsible business, one of the key foundations is the Board of Directors. The Board plays a pivotal role in shaping and overseeing an organization's sustainability practices and reporting.

Strategy and goals	Create ESG strategy supporting overall corporate strategy, set ESG goals and targets, and develop roadmap to deliver on ambitions.	CEO
Governance	Establish ESG governance through formalized operating model, policies , leadership and board commitment, and end-to-end scorecard for comprehensive ESG performance monitoring.	CEO
Purpose and messaging	Develop branding and communications strategy to articulate compelling narrative on delivering long-term financial and nonfinancial value through ESG strategy.	CSO
Risk management	Integrate ESG issues into enterprise risk management framework to identify, assess and prioritize risks, and implement effective risk responses.	CFO CRO
Reporting and disclosures	Report ESG data in a reliable, objective, and consistent manner, with appropriate internal controls and processes, to meet stakeholder needs and compliance requirements.	CFO
Operations	Build business case and transformation program to achieve ESG goals within each business function, facilitate communication across the organization, and escalate key issues.	COO CIO

The Board of Directors plays a critical role in overseeing Business Responsibility and Sustainability Reporting (BRSR). The Board is responsible for ensuring that the company has a robust BRSR framework in place, that the company's BRSR reporting is accurate and comprehensive, and that the company is making progress on its BRSR goals. Identification and preparation of sustainability information including identification of suitable criteria are the duties of the management of the Company. The board has several key responsibilities for BRSR, including:

a. **Strategic Guidance:** The board **guides the development and adoption of a robust BRSR framework** aligned with the company's long-term strategy and stakeholder expectations.

b. **Oversight and Monitoring:** The board **exercises oversight of the company's BRSR performance** through regular updates, assessments, and engagement with management. This includes reviewing progress towards BRSR goals, identifying potential risks and opportunities, and ensuring the implementation of effective BRSR practices.

c. **Assurance and Accountability:** The board **reviews and approves the company's BRSR report** to ensure its accuracy, completeness, and transparency. Board drives the requirement for independent evaluation/assurance of the BRSR to enhance reliability of the report. This signifies their accountability for the company's BRSR commitments to stakeholders.

d. **Goal Setting and Progress Evaluation:** The board **participates in setting BRSR goals**, ensuring they are ambitious, measurable, and aligned with the company's sustainability aspirations. They also **evaluate progress** towards these goals, holding management accountable for achieving them.

By fulfilling these responsibilities, the Board of Directors plays a crucial role in driving a company's commitment to responsible and sustainable business practices, fostering transparency, and building trust with stakeholders.

3.5 BoD Composition and Skill Sets

The composition of a board is essential for effective oversight of an organization's sustainability initiatives. A diverse Board brings a multitude of perspectives and expertise, which is crucial when addressing complex and multifaceted sustainability challenges. Key considerations for Board composition in BRSR reporting include:

Diversity and Expertise	Independence	Stakeholder Representation
•Multifaceted Challenges •Innovation and Inclusivity •Stakeholder Engagement •Future- Proofing	•Ethical Decision Making •Credible Reporting •Accountability and Transparency •Long Term Interests	•Understanding Impact •Mitigating Risk •Transparency and Accountability •Ethical Culture

a. Diversity and Expertise

- **Multifaceted Challenges:** A well-rounded Board requires expertise in **environmental science, social impact analysis, and governance** to tackle the complex and interconnectedness of ESG issues.
- **Innovation and inclusivity:** Diverse backgrounds in **gender, ethnicity, and professional experience** bring fresh perspectives, fostering innovative solutions and a deeper understanding of stakeholder needs. This fosters **inclusivity** while also being strategically beneficial.
- **Stakeholder Engagement:** Diverse Boards can better connect with **employees, customers, and communities**, strengthening relationships and communication regarding ESG matters.
- **Future-proofing:** Understanding **emerging trends and societal expectations** allows companies to proactively address ESG issues and become leaders in responsible business practices.

b. Independence

- **Ethical Decision-making:** Independent directors offer **objective and impartial perspectives**, free from conflicts of interest, to prioritize long-term sustainability over short-term gains.
- **Credible Reporting:** Their objectivity enhances the **credibility of ESG reporting,** ensuring genuine commitment to sustainability beyond mere marketing strategies.
- **Accountability and Transparency:** Independent directors act as a **check and balance**, challenging management, advocating for responsible practices, and fostering transparency.
- **Long-term Interests**: Ultimately, an independent board promotes the **long-term interests of all stakeholders**, including shareholders, employees, communities, and the environment.

c. Stakeholder Representation

- **Understanding Impact:** Including stakeholders (employees, customers, communities, and investors) ensures a comprehensive understanding of the **environmental, social, and ethical impacts** of business decisions.
- **Mitigating Risks:** Diverse viewpoints help **identify and mitigate risks** associated with ESG challenges, offering a broader perspective beyond shareholder-centric views.
- **Transparency and Accountability:** Stakeholder representation fosters **open communication and accountability** between the board and those affected by the company's operations.
- **Ethical Culture:** This inclusivity aligns with social responsibility, contributing to a more **ethical and sustainable corporate culture**.

Overall, a Board with diverse expertise, independence, and stakeholder representation is crucial for effective oversight of BRSR and positioning the company for success in a rapidly evolving business environment.

3.6 The specific role of the Board in BRSR

The Board plays a pivotal role in Business Responsibility and Sustainability Reporting (BRSR) by providing strategic oversight, governance, and guidance to ensure that the organization's sustainability initiatives align with its core values and business objectives. As the ultimate decision-making body, the Board is responsible for setting the tone at the top, establishing a corporate culture that prioritizes ethical practices, environmental stewardship, and social responsibility. The Board establishes the strategic direction for ESG formulation and implementation. It is the Board's duty to define the key performance indicators (KPIs) and metrics for BRSR, ensuring that they accurately reflect the company's impact on environmental, social, and governance (ESG) factors.

Additionally, the Board oversees the integration of sustainability considerations into risk management and business strategy, fostering a holistic approach that not only meets regulatory requirements but also addresses the expectations of diverse stakeholders, including investors, customers, employees, and communities. By championing BRSR, the Board not only enhances the organization's reputation but also contributes to long-term resilience and sustainable growth in an increasingly conscientious business environment. The Board can oversee and guide BRSR initiatives in the following ways:

a. **Setting Strategic Direction:** The Board is responsible for setting the company's strategic direction. This includes determining the organization's commitment to BRSR and defining the goals and objectives related to ESG. The Board's vision and leadership in this regard is instrumental in shaping the company's approach to BRSR.

b. **Oversight of Management:** The Board oversees the senior management team responsible for implementing BRSR initiatives. It should ensure that management incorporates BRSR into the company's overall business strategy, risk management, and operations.

c. **Policy Development:** The Board plays a critical role in the development and approval of BRSR policies and frameworks. These policies set the tone for the company's approach to ESG, defining the principles and standards that the organization will adhere to.

d. **Resource Allocation:** The Board allocates the necessary resources, both financial and human, for BRSR initiatives. These resources are required for conducting impact assessments, audits, reporting, and addressing human rights issues within the company's supply chain.

e. **Monitoring and Reporting:** The Board ensures that the company adheres to its BRSR commitments by requiring regular monitoring and reporting of progress. This includes reviewing BRSR reports, assessing performance against goals, and holding management accountable for meeting targets.

f. **Risk Management:** BRSR initiatives are closely tied to risk management. The Board must evaluate and understand the potential human rights risks associated with the company's operations and supply chain and work with management to mitigate these risks effectively.

g. **Stakeholder Engagement:** The Board may engage with key stakeholders, including investors, customers, and NGOs, to understand their perspectives on the company's BRSR efforts. This feedback can inform the company's approach and demonstrate its commitment to transparency.

h. **Legal and Regulatory Compliance:** The Board ensures that the company complies with relevant laws and regulations related to human rights. It must also be aware of evolving legal requirements in this field and adjust the company's approach accordingly.

i. **Long-Term Sustainability:** BRSR is not just about meeting short-term goals but also about ensuring the long-term sustainability of the company's operations and reputation. The Board plays a vital role in aligning BRSR initiatives with the company's long-term objectives.

j. **Communication and Transparency:** The Board oversees how the company communicates its BRSR efforts to stakeholders, including through annual reports and other channels. It ensures that the communication is accurate, transparent, and aligned with the company's actual practices.

In summary, the Board of Directors has a fundamental responsibility in overseeing and guiding BRSR initiatives. Their leadership and commitment to human rights principles are essential for ensuring that a company's BRSR efforts are not only well-defined but also effectively integrated into its overall business strategy and operations. This, in turn, helps the company demonstrate its commitment to ethical and responsible business practices.

Some specific examples of how the board of directors can oversee and guide BRSR initiatives:

- The board can establish a BRSR committee to oversee the company's ESG efforts. This committee can be responsible for developing and implementing the company's ESG strategy, reviewing and approving the BRSR report, and monitoring the company's ESG performance.
- The board can require management to provide regular updates on the company's ESG progress. These updates can be presented to the board at its regular meetings or through a dedicated BRSR report.
- The board can ask management to develop and implement a plan to address any identified ESG risks.
- The board can set ESG goals for the company and track its progress towards meeting those goals.
- The board can encourage management to engage with stakeholders on ESG issues.

By taking these steps, the board of directors can play a leading role in helping their company to become a more sustainable and responsible business.

3.7 How BRSR aligns with the broader corporate governance framework

The Business Responsibility and Sustainability Reporting (BRSR) framework and the broader corporate governance framework share key principles, fostering transparency, responsible conduct, and stakeholder protection.

Shared Pillars:

a. **Transparency and Accountability:** Both frameworks require **disclosure of crucial information**. BRSR mandates reporting on environmental, social, and governance (ESG) performance, while corporate governance focuses on board composition, risk management, and other key areas. This transparency increases accountability to stakeholders.

b. **Ethical Conduct:** Both promote **ethical practices.** BRSR emphasizes ethics, human rights, and environmental protection, while corporate governance highlights board independence, conflict of interest management, and fair trading. Following these principles builds trust and fosters a **sustainable and responsible business environment**.

c. **Stakeholder Protection:** Both frameworks safeguard **stakeholder interests**. BRSR helps shareholders understand ESG risks and opportunities, while corporate governance ensures their interests are represented by the board. This combined focus contributes to **efficient and fair capital markets**.

Additional BRSR Alignments:

a. **Fairness**: BRSR promotes **fair treatment** of all stakeholders, including shareholders, employees, customers, and suppliers.

b. **Responsibility**: It emphasizes taking **ownership** of social and environmental impacts.

c. **Integrity**: BRSR encourages conducting business with **honesty and ethics.**

d. Transparency: It necessitates **accurate and transparent disclosure** of ESG performance.

By aligning with these principles, both frameworks contribute to creating a **stronger foundation for companies**, fostering responsible business practices, and building trust with stakeholders.

3.8 Specialized Board Committees in Effective implementation of ESG

Specialized committees within a company play a crucial role in overseeing Business Responsibility and Sustainability Reporting (BRSR), ensuring that the organization's commitment to responsible and sustainable practices is effectively implemented and reported.

a. **Sustainability or Corporate Social Responsibility (CSR) Committee:** This committee, usually comprising board members and sustainability experts, provides strategic oversight, guidance, and direction on the company's sustainability initiatives. It collaborates with stakeholders to identify material environmental, social, and governance (ESG) issues, sets sustainability goals, and monitor's progress.

b. **Audit Committee:** Responsible for ensuring the accuracy and reliability of sustainability data, the Audit Committee oversees internal and external auditing processes related to BRSR. It evaluates internal control systems, ensuring compliance with reporting standards, and enhances transparency and credibility in sustainability reporting.

c. **Risk Management Committee:** This committee assesses and manages sustainability risks that may affect the company's reputation, financial performance, or regulatory compliance. By integrating sustainability risks into the broader risk management framework, it helps proactively address challenges and foster resilience.

d. **Stakeholder Engagement Committee:** Focused on managing relationships with stakeholders, this committee ensures effective engagement and incorporates stakeholder perspectives into the BRSR process. By fostering transparent communication, it helps identify and respond to emerging issues, enhancing the relevance and credibility of sustainability reporting.

e. **Human Resources and Remuneration Committee:** This committee aligns employee practices with sustainability goals by overseeing policies related to workforce well-being, diversity, inclusion, and fair labor practices. It ensures that the company's commitment to sustainability extends to its internal operations, promoting a culture of social responsibility.

f. **Nomination and Governance Committee:** By ensuring a diverse board composition, including expertise in sustainability matters, this committee enhances effective oversight and guidance on BRSR issues. A well-rounded board is better equipped to drive the success of sustainability initiatives.

Collaboration between these committees is crucial for effective ESG oversight. For example, the Sustainability Committee may collaborate with the Risk Management Committee to assess sustainability risks' impact on the company's overall risk profile. Similarly, the Stakeholder Engagement Committee may work with the Human Resources and Remuneration Committee to address employee concerns in sustainability reporting. By fostering interdisciplinary collaboration, these committees contribute to a holistic approach to ESG Reporting.

3.9 Anti Bribery and Anti-Corruption (ABAC)

In today's dynamic business landscape, Environmental, Social, and Governance (ESG) considerations highlight the critical importance of anti-bribery and anti-corruption efforts in fostering responsible and sustainable business conduct.

As global interconnectivity increases, the risks associated with bribery and corruption pose significant challenges to corporate ethics. Anti-bribery and anti-corruption initiatives within the ESG framework serve as vital mechanisms to combat illicit practices, promoting integrity, transparency, and accountability throughout organizations.

Key Components of Anti-Bribery and Anti-Corruption Policies:

a. **Tone at the Top:** Strong leadership commitment is essential, setting the tone for ethical behavior from the highest levels of management.

b. **Policy Document:** A written policy document outlining the organization's zero-tolerance stance towards corruption should be easily accessible and regularly reinforced through effective communication and training programs.

c. **Risk Assessment:** Conducting thorough risk assessments tailored to the organization's industry, geography, and business activities is crucial for identifying vulnerabilities and developing targeted preventive measures.

d. **Implementation**: Robust due diligence procedures should be established to assess the integrity of third parties, while whistleblower mechanisms provide a confidential channel for reporting suspected instances of bribery or corruption.

e. **Monitoring and Audit:** Regular internal and external audits help evaluate the effectiveness of control mechanisms, with data analytics and emerging technologies enhancing monitoring capabilities.

f. **Training and Awareness Programs:** Comprehensive training on ABAC policies ensures employees understand ethical behavior, recognize red flags, and comprehend the consequences of non-compliance. Periodic refreshers and updates are vital for adapting to changing legal and business environments.

g. **Disciplinary Measures and Enforcement Mechanisms:** Clearly defined consequences for policy violations, consistent application of sanctions, and cooperation with law enforcement agencies underscore the organization's commitment to upholding ethical standards.

h. **Transparency and Communication:** Externally, organizations should communicate their anti-bribery and anti-corruption principles to foster trust among stakeholders. Internally, promoting open communication channels enables employees to seek guidance on ethical concerns and clarifications on policy interpretations.

By incorporating these key components into their anti-bribery and anti-corruption policies, organizations can effectively combat illicit practices, uphold ethical standards, and contribute to a sustainable business environment.

3.10 Ethics and Code of Good Corporate Behaviour

Ethics and a strong Code of Good Corporate Behavior are foundational for organizations committed to sustainable success and responsible practices. They provide a moral compass for decision-making, interactions, and engagements.

A well-crafted Code of Good Corporate Behavior outlines expected conduct for employees, management, and stakeholders, reflecting transparency, integrity, and accountability. By fostering an ethical culture, businesses build trust, enhance reputation, and navigate a complex business landscape.

This ethical framework serves as a shield against risks and drives positive organizational culture, promoting sustainable growth and societal well-being. Commitment to ethics guides businesses toward responsible, principled behavior.

Key Components of a Robust Code:

a. **Integrity**: A commitment to honesty, truthfulness, and ethical decision-making in all operations.

b. **Transparency**: Open disclosure of relevant information to stakeholders, fostering accountability and trust.

c. **Fair Treatment:** Equitable practices for employees, customers, suppliers, and the community.

d. **Social Responsibility:** Awareness of the organization's impact on society and efforts to contribute positively.

e. **Conflict of Interest Management:** Policies to address conflicts of interest effectively.

f. **Anti-corruption Measures:** Robust mechanisms to prevent corruption and unethical practices.

g. **Diversity and Inclusion:** Promotion of diversity and inclusion within the organization.

h. **Environmental Sustainability:** Dedication to environmentally sustainable practices.

By incorporating these dimensions, the code ensures alignment with legal requirements and broader ethical norms, promoting a holistic approach to corporate behavior that contributes to a positive and sustainable global business environment.

3.11 ESG governance and way forward

3.11.1 Challenges in ESG Governance and Reporting

In today's world, companies are increasingly facing pressure to **demonstrate their commitment to environmental, social, and governance (ESG) factors** due to growing stakeholder concerns and regulatory scrutiny. However, navigating the complex landscape of ESG governance and reporting presents a multitude of challenges, hindering **transparency, accountability, and progress** towards a more sustainable future.

Challenges in ESG Governance and Reporting:

a. **Standardization:** Organizations face hurdles due to the lack of standardized ESG metrics and reporting frameworks. This inconsistency makes it difficult to assess and compare ESG performance accurately and transparently.

b. **Data Quality:** Ensuring the quality and availability of ESG data presents a significant challenge. Organizations struggle with collecting and verifying data, hindering their ability to provide stakeholders with reliable information about their sustainability efforts.

c. **Managing Priorities:** Balancing short-term financial priorities with long-term ESG goals can be challenging, especially in industries requiring substantial capital expenditure. Some stakeholders may prioritize immediate financial returns over sustainable practices.

d. **Effective Stakeholder Engagement:** Engaging diverse stakeholders such as investors, employees, communities, and customers requires strategic communication and relationship-building efforts. Organizations may struggle to articulate their ESG initiatives and meet stakeholders' expectations.

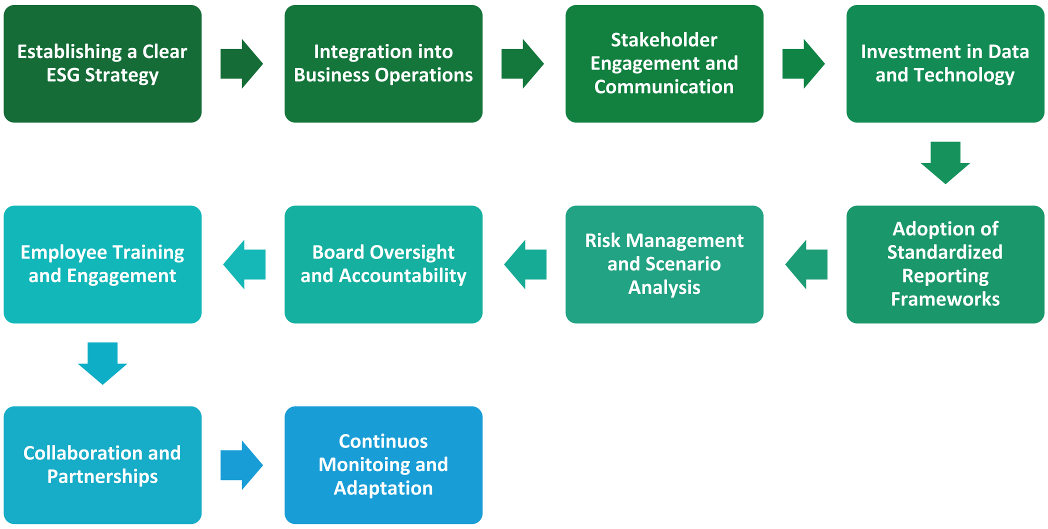
e. **Defining Material ESG issues:** Organizations face challenges in identifying material ESG issues.

f. **Risk Assessment:** Organizations face challenges in undertaking comprehensive risk assessment of ESG issues.

Navigating these challenges requires comprehensive strategies that address standardization issues, improve data quality, reconcile short-term and long-term priorities, and prioritize effective stakeholder engagement. Only by addressing these obstacles can organizations truly embed ESG considerations into their operations successfully.

3.11.2 Strategic Path Forward for ESG Governance

To overcome the challenges and unlock the full potential of ESG governance, organizations can adopt a strategic approach that integrates ESG considerations into core business practices. The following roadmap outlines key steps for organizations to enhance their ESG governance:



a. **Establishing a Clear ESG Strategy:** Develop a comprehensive ESG strategy aligned with the organization's mission, values, and long-term objectives. Identify material ESG issues relevant to the industry and stakeholders, ensuring a holistic approach that resonates with the organization's identity.

b. **Integration into Business Operations:** Seamlessly integrate ESG considerations into core business operations and decision-making processes. Incorporate ESG metrics into performance indicators, incentive structures, and risk management frameworks to align sustainability efforts with strategic objectives.

c. **Stakeholder Engagement and Communication:** Actively engage with diverse stakeholders to understand their expectations and concerns regarding ESG. Develop transparent communication strategies to convey ESG initiatives, progress, and impact authentically.

d. **Investment in Data and Technology:** Allocate resources to invest in advanced data collection and management systems. Utilize technology such as data analytics and artificial intelligence to enhance ESG measurement processes and decision-making capabilities.

e. **Adoption of Standardized Reporting Frameworks:** Promote the adoption of standardized ESG reporting frameworks to improve consistency and comparability across industries. Advocate for the use of established frameworks like BRSR, TCFD, SASB, and GRI to enhance transparency and accountability.

f. **Risk Management and Scenario Analysis:** Conduct thorough risk assessments and scenario analyses to understand the potential implications of ESG-related risks. Integrate findings into strategic planning to proactively identify vulnerabilities and capitalize on opportunities.

g. **Board Oversight and Accountability:** Strengthen board oversight of ESG matters by appointing members with relevant expertise and establishing dedicated committees. Tie executive compensation to key ESG metrics to reinforce accountability and commitment to sustainability goals.

h. **Employee Training and Engagement:** Provide ongoing training and awareness programs to educate employees about ESG goals and policies. Foster a culture of responsibility, inclusivity, and environmental stewardship to cultivate a workforce committed to sustainable practices.

i. **Collaboration and Partnerships:** Form collaborative partnerships with industry peers, NGOs, and governmental entities to address common ESG challenges. Participate in industry initiatives and alliances to advance sustainability objectives and promote responsible business practices.

j. **Continuous Monitoring and Adaptation:** Establish a robust system for monitoring progress toward ESG goals and regularly reassess the ESG strategy to adapt to changing circumstances. Stay responsive to evolving external factors, regulatory requirements, and stakeholder expectations.

In navigating the complexities of ESG governance, organizations must prioritize strategic objectives, robust data management, stakeholder engagement, and continuous improvement. Transparency, accountability, and sustainable practices should be integral to corporate success, contributing to a more equitable and socially responsible world. By embracing these principles, organizations pave the way for a transformative shift toward responsible global enterprise.

3.12 Risk Management related to Sustainability

Achieving true sustainability, encompassing environmental, social, and economic well-being, demands a comprehensive approach that addresses interconnected risks. This section explores the crucial role of **risk management** in navigating the complexities of sustainability, focusing on **environmental, social,** and **governance** dimensions. By proactively identifying and mitigating these risks, organizations can build resilience, foster long-term success, and contribute to a more sustainable future.

a. **Environmental Risks:** Climate change poses significant risks, including rising temperatures, extreme weather events, and shifts in precipitation patterns. These changes threaten agricultural systems, water resources, and ecosystem stability. Biodiversity loss exacerbates these risks, disrupting supply chains, compromising food security, and upsetting the natural balance. Resource scarcity, driven by overexploitation, further amplifies sustainability risks, potentially leading to conflicts over essential commodities like water and minerals.

b. **Social and Cultural Risks:** Social risks are intricately linked to human aspects of sustainability. Issues like fair wages, safe working conditions, and ethical treatment of workers are paramount. Failure to uphold ethical labor practices not only endangers individuals but also risks reputational damage and legal consequences. Building positive community relations, respecting local values, and obtaining a 'social license to operate' are essential. Navigating diverse cultural landscapes with sensitivity promotes inclusivity and minimizes conflicts.

c. **Governance Risks:** Governance risk stems from inadequacies in organizational systems and structures. It includes challenges related to decision-making, accountability, compliance, and overall governance effectiveness. These risks are integral components of broader organizational risk management strategies, requiring robust governance frameworks to mitigate potential threats and ensure organizational resilience.

3.13 Identification and Measurement of Environmental Risks in ESG

This section focuses on the environmental aspect of sustainability-related risk where we delve into the identification and measurement of risks associated with climate change, resource depletion, and biodiversity loss.

3.13.1 Identifying Environmental Risks:

Identifying environmental risks is not a passive endeavor; it demands proactive exploration and meticulous analysis.

a. **Scenario Planning:** Imagine diverse future scenarios, from best-case climate stabilization to worst-case ecological collapse. This proactive approach helps anticipate potential threats and prepare contingencies for even the most challenging eventualities. Scenario planning is a powerful tool for identifying and preparing for a range of possible environmental risks. It goes beyond traditional risk assessment by exploring not just the most likely future, but also uncertainties and potential extremes. This broadens your understanding of potential threats and helps you develop more flexible and robust strategies.

b. **Vulnerability Assessments:** In the context of environmental risks, vulnerability assessments play a crucial role in understanding the potential impacts of environmental hazards on ecosystems, societies, and infrastructure. It's like conducting a thorough examination of someone's weak spots to predict how they might fare in a fight.

c. **Stakeholder Engagement:** Stakeholder engagement in identifying environmental risk refers to the process of involving individuals and groups who have an interest in or could be affected by environmental risks, in the process of identifying and understanding those risks. This is a crucial part of effective environmental management, as it helps to gather wider knowledge and perspectives: Stakeholders possess diverse knowledge and experiences related to the environment and specific contexts. Their involvement can reveal blind spots in traditional risk assessments and uncover risks that might otherwise be missed.

d. **Value Chain Analysis:** Value Chain Analysis (VCA) plays a crucial role in identifying environmental risks by providing a comprehensive view of the environmental impacts arising from all stages of a product or service's creation and delivery. In essence, it acts as a powerful tool for mapping and assessing the potential environmental downsides throughout the entire cycle, from raw material extraction to final product disposal.

3.13.2 Tools in Measuring and Managing Environmental Risks

Identifying environmental risks is just the first step; quantifying their potential impact and formulating effective management strategies are vital. Here are some tools to navigate these crucial stages:

a. **Environmental Impact Assessment (EIA):** This comprehensive tool evaluates the potential environmental effects of a project, product, or policy. EIAs quantify resource consumption, emissions, and potential environmental damage, providing a valuable roadmap for minimizing negative impacts.

b. **Life Cycle Assessment (LCA):** Similar to an EIA, an LCA focuses on the environmental footprint of a product or service throughout its entire lifecycle, from cradle to grave. This analysis helps identify resource hotspots and pollution sources, informing sustainable design and production practices.

c. **Environmental Risk Modelling:** Utilize sophisticated models to predict the potential impacts of environmental risks like climate change and extreme weather events. These models inform risk-based decision-making and enable businesses to build resilience for a range of potential scenarios.

d. **Cost-Benefit Analysis:** Quantify the financial implications of environmental risks and mitigation strategies. This analysis helps prioritize investments in risk management and demonstrates the long-term economic benefits of sustainable practices.

3.14 Identification and Measurement of Social and Cultural Risks in ESG

Social and cultural risks are an integral part of ESG (Environmental, Social, and Governance) analysis, representing potential threats to a company's reputation, financial stability, and overall sustainability due to their impact on people and societies. Identifying and measuring these risks effectively is crucial for making informed investment decisions and ensuring responsible business practices.

3.14.1 What are Social and Cultural Risks?

Social and cultural risks encompass a wide range of issues related to a company's relationships with its employees, the communities it operates in, and broader societal expectations. Some key examples include:

a. **Labor practices:** Unfair labor practices, including violations of human rights, discrimination, poor working conditions, and inadequate compensation, can lead to public backlash, employee unrest, and legal repercussions.

b. **Diversity, equity, and inclusion (DE&I):** Lack of diversity in the workforce and leadership, gender pay gaps, and discriminatory practices can harm a company's reputation and attract negative attention.

c. **Community relations:** Poor engagement with local communities, disruption of livelihoods, and environmental damage caused by business operations can lead to protests, boycotts, and reputational damage.

d. **Product safety and liability:** Faulty products or services that cause harm to consumers can result in lawsuits, fines, and brand damage.

e. **Data privacy and security:** Breaches of customer data or unethical data collection practices can erode trust and lead to financial penalties.

f. **Cultural sensitivity:** Disrespectful or insensitive marketing campaigns, disregard for local customs and traditions, or engagement in controversial practices can alienate consumers and stakeholders.

3.14.2 Identifying and Measuring Social and Cultural Risks:

Several frameworks and methodologies exist to help companies identify and measure social and cultural risks. Here are some key approaches:

a. **Stakeholder mapping:** Identifying and engaging with different stakeholder groups (employees, communities, NGOs, etc.) to understand their concerns and potential risks.

b. **Social impact assessments:** Evaluating the social and cultural impacts of a company's operations on a specific project or initiative.

c. **Benchmarking:** Comparing a company's social and cultural performance against industry standards and leading practices.

d. **Data analysis:** Utilizing internal data on employee demographics, labor practices, safety incidents, and community complaints to identify patterns and trends.

e. **Third-party ratings and reports:** Assessing ESG ratings and reports provided by independent agencies to gain insights into a company's social and cultural risks.

3.14.3 Challenges and Considerations:

Measuring social and cultural risks can be challenging due to their inherent subjectivity and complexity. Some key challenges include:

a. **Data availability and quality:** Accessing reliable and relevant data on social and cultural factors can be difficult.

b. **Weighting and prioritization:** Assigning appropriate weight to different types of social and cultural risks can be subjective and context dependent.

c. **Dynamic nature of risks:** Social and cultural risks can evolve rapidly, requiring continuous monitoring and evaluation.

Despite these challenges, effectively identifying and managing social and cultural risks is essential for responsible investing and sustainable business practices. By integrating social and cultural considerations into ESG analysis, companies can mitigate risks, enhance their reputation, and contribute to a more equitable and sustainable society.

3.15 Identification and Measurement of Governance Risk in ESG

The pursuit of environmental, social, and governance (ESG) objectives necessitates a robust understanding of inherent risks. Among these, **governance risk** emerges as a critical factor that can significantly impact a company's ability to effectively manage and measure its ESG performance. In simpler terms, **weaknesses in corporate governance practices can lead to negative consequences, jeopardizing the company's commitment to ESG goals**.

This section delves into the **two main areas** where governance risk can hinder effective ESG identification and measurement:

1. Impact on Identification:

a. **Lack of Transparency:** Opaque governance practices create an information vacuum, making it **difficult for stakeholders** to accurately assess a company's ESG risks and opportunities.

b. **Inaccurate Reporting:** Ineffective internal controls and oversight can lead to **misleading disclosures** of ESG data, hindering the **identification of true risks** and hindering decision-making based on accurate information.

c. **Ineffective Board Oversight:** Boards lacking **diverse expertise** or dominated by executives with conflicting interests can **overlook crucial ESG issues**, leading to blind spots in risk identification.

2. Impact on Measurement:

a. **Non-standardized Metrics:** The absence of **clear and consistent ESG measurement frameworks** can lead to the use of **subjective or unreliable metrics**, making it **difficult to accurately assess and compare** a company's performance.

b. **Data Manipulation:** Weak data governance practices create fertile ground for manipulation of ESG data, allowing companies to present a **falsely positive image** of their sustainability efforts.

c. **Lack of Accountability:** The absence of **clear consequences for poor ESG performance** can **discourage companies from accurately measuring and improving** their impact, hindering progress towards true sustainability.

Examples of Governance Risks in ESG:

a. **Conflicts of interest:** Board members or executives with personal interests that conflict with the company's ESG goals can influence decisions in a way that harms the company's sustainability efforts.

b. **Corruption and bribery:** Unethical practices can not only **damage reputation** but also lead to **environmental or social harm**, jeopardizing the company's commitment to sustainability.

c. **Lack of board diversity:** Boards lacking diversity in terms of **gender, race, and expertise** may not fully consider the diverse perspectives and insights crucial for effective ESG decision-making.

Mitigating Governance Risks:

a. **Strengthening Board Oversight:** Ensuring **diverse expertise on the board** and establishing **clear ESG oversight responsibilities** can provide effective checks and balances, mitigating potential risks.

b. **Improving Transparency and Disclosure:** Implementing **robust reporting standards** and providing stakeholders with **regular and accurate information** about ESG performance can build trust and enhance credibility.

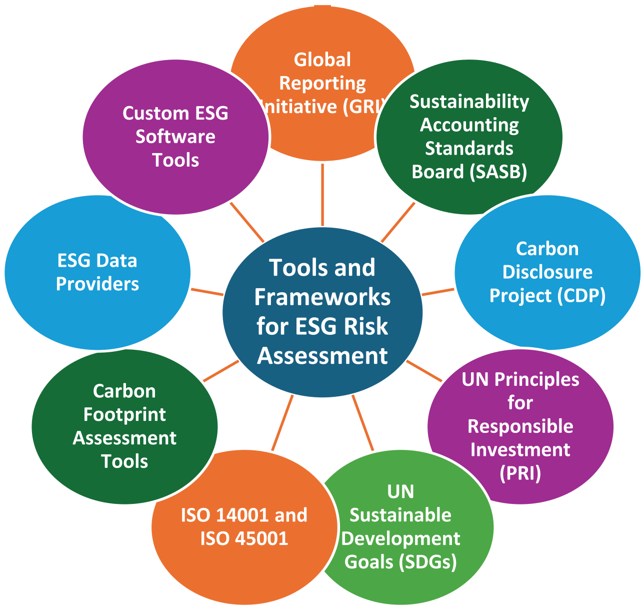
c. **Adopting Clear ESG Policies and Frameworks:** Establishing **clear policies and frameworks** for identifying, measuring, and managing ESG risks ensures **consistency and accountability** throughout the organization.

d. **Engaging with Stakeholders:** Regularly **engaging with stakeholders** on ESG issues can help identify blind spots and ensure that the company's priorities **align with stakeholder expectations**, fostering a collaborative approach to sustainability.

By addressing governance risks proactively, companies can ensure that their ESG efforts are based on accurate, reliable, and credible data, leading to improved ESG performance, enhanced stakeholder engagement, and a more sustainable future for all stakeholders involved.

3.16 Tools and Frameworks for Risk Assessment

Having understood three broad categories of ESG risks identification, measurement, and mitigation, now we look at some common tools and frameworks for ESG Risk Assessment. Various tools and frameworks are available to help organizations evaluate and manage their ESG risks. These tools provide a structured approach to assess and report on ESG factors that may affect a company's long-term sustainability and performance.



Here are some commonly used tools and frameworks /standards by using which one may be able to identify ESG risks:

a. **Global Reporting Initiative (GRI):** A widely used framework providing comprehensive guidelines for sustainability reporting.

b. **Sustainability Accounting Standards Board (SASB):** Industry-specific standards for disclosing financially material ESG information.

c. **Carbon Disclosure Project (CDP):** A global platform collecting comprehensive data on environmental performance, including greenhouse gas emissions and water usage.

d. **Task Force on Climate-related Financial Disclosures (TCFD):** Provides recommendations for companies to disclose climate-related financial risks and opportunities.

e. **UN Principles for Responsible Investment (PRI):** A set of voluntary principles for integrating ESG considerations into investment decision-making.

f. **UN Sustainable Development Goals (SDGs):** A set of 17 global goals aiming to eradicate poverty, protect the planet, and ensure prosperity.

g. **ISO 14001 and ISO 45001:** International standards for environmental management and occupational health and safety, respectively.

h. **Carbon Footprint Assessment Tools:** These tools help organizations calculate and analyze their greenhouse gas emissions.

i. **ESG Data Providers**: These companies provide data on ESG performance metrics, allowing for benchmarking and comparative analysis.

j. **Custom ESG Software and Tools:** Companies can develop or utilize specialized software tools tailored to their specific ESG assessment needs.

When selecting tools and frameworks for ESG risk assessment, it's essential to consider the specific needs and goals of your organization. Depending on your industry, size, and ESG priorities, some of these tools and frameworks may be more relevant than others. It's also important to stay informed about evolving ESG standards and best practices to ensure that your assessments remain current and effective.

The best tool or framework for an organization will depend on its specific needs and resources. Organizations should consider the following factors when choosing a tool or framework:

a. **The size and complexity of the organization:** Larger and more complex organizations will need more sophisticated tools and frameworks.

b. **The industry in which the organization operates:** Some industries face more ESG risks than others.

c. **The organization's ESG goals:** The tool or framework should be aligned with the organization's ESG goals and objectives.

d. **The organization's budget:** ESG tools and frameworks can be expensive, so organizations should budget accordingly.

Once an organization has chosen a tool or framework, it can begin to assess its ESG risks. This process should involve identifying, evaluating, and prioritizing the organization's ESG risks. Organizations should also develop plans to mitigate any identified risks.

It is important to note that ESG risk assessment is an ongoing process. Organizations should regularly review their ESG risks and update their risk management plans accordingly.

3.17 Specific Management Actions in ESG risk management

The role of management in ESG (Environmental, Social, and Governance) risk management is pivotal in steering organizations toward sustainable and responsible practices. Management plays a crucial role in integrating ESG considerations into business strategies, identifying and assessing relevant risks, and implementing effective risk management measures.

Here are key aspects of the role of management in ESG risk management:

a. **Integration into Business Strategy:** Management is responsible for incorporating ESG factors into the overall business strategy, aligning organizational goals and operations with environmental sustainability, social responsibility, and governance excellence. This involves ensuring that ESG considerations are seamlessly integrated into decision-making processes, reflecting a commitment to long-term resilience and responsible business practices.

b. **Setting ESG Goals and Policies:** Setting ESG goals and policies is a fundamental responsibility of management, encompassing the strategic integration of sustainability principles into the core fabric of an organization. Management defines clear, measurable, and time bound ESG objectives that align with the organization's mission and values. This involves establishing comprehensive policies guiding the company's approach to environmental stewardship, social impact, and governance practices.

c. **Identification and Assessment of ESG Risks:** Management conducts thorough risk assessments to understand potential challenges associated with environmental impact, social issues, and governance structures. This proactive approach aims to recognize risks related to climate change, resource scarcity, labor practices, and more. By evaluating the likelihood and potential impact of these risks, management prioritizes them strategically to implement effective mitigation measures.

d. **Implementing Risk Mitigation Strategies:** Management devises and executes specific plans to address identified risks, including adopting sustainable practices, enhancing supply chain resilience, and improving corporate governance structures. Successful implementation requires clear communication, stakeholder engagement, and ongoing monitoring to ensure effectiveness.

e. **Stakeholder Engagement:** Stakeholder engagement involves actively involving individuals and entities with a vested interest or influence in organizational activities. By fostering open dialogue and incorporating diverse perspectives, organizations enhance transparency, accountability, and overall stakeholder relationships.

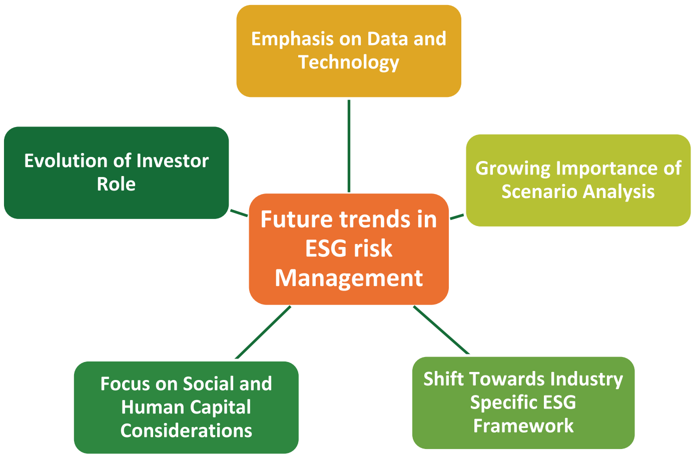
f. **Monitoring and Reporting:** Management oversees the monitoring of ESG performance and reports key metrics to stakeholders transparently. Regular reporting helps track progress toward ESG goals, demonstrate accountability, and showcase the organization's commitment to sustainability.

g. **Incorporating ESG into Corporate Culture:** Incorporating ESG into corporate culture involves embedding sustainable and responsible practices into the organization's values, behaviors, and decision-making processes. This cultural transformation requires leadership commitment, employee engagement, and a shared understanding of the importance of ESG principles.

h. **Adapting to Regulatory Changes:** Management stays informed about evolving ESG regulations and standards, ensuring compliance and minimizing legal and reputational risks. Proactive engagement with regulatory bodies and industry initiatives is crucial for navigating the complex and evolving landscape of ESG requirements.

In summary, the role of management in ESG risk management is multifaceted, requiring a strategic and proactive approach. By integrating ESG considerations into business strategies, identifying and addressing risks, and fostering a culture of responsibility, management contributes significantly to the organization's resilience, reputation, and long-term success in a world where sustainability is increasingly central to business value.

3.18 Future Trends in ESG Risk Management



As organizations continue to grapple with the intricate landscape of Environmental, Social, and Governance (ESG) risks, several future trends are poised to shape the evolution of ESG risk management.

a. **Emphasis on Data and Technology:** The integration of artificial intelligence (AI), machine learning, internet of things and big data analytics is expected to revolutionize the way organizations identify, measure, and mitigate ESG risks. These technological advancements enable real-time monitoring, predictive modeling, and enhanced data accuracy, empowering businesses to make informed decisions and stay ahead of emerging ESG challenges.

b. **Growing Importance of Scenario Analysis:** As uncertainties related to climate change, social dynamics, and governance issues intensify, organizations are recognizing the need to conduct scenario-based risk assessments. This approach allows businesses to evaluate the potential impact of various future scenarios on their operations and develop resilient strategies that can withstand a range of plausible ESG risks.

c. **Shift Towards Industry-Specific ESG Frameworks:** While global frameworks such as the Task Force on Climate-related Financial Disclosures (TCFD) and Sustainability Accounting Standards Board (SASB) provide valuable guidance, industry-specific standards are gaining traction as organizations seek more tailored approaches to ESG risk management. The financial sector, for instance, is witnessing the development of sector-specific standards that address the unique challenges faced by banks, insurance companies, and investment firms.

d. **Focus on Social and Human Capital Considerations:** Social and human capital considerations are emerging as key focal points in ESG risk management. Companies are increasingly recognizing the significance of factors such as employee well-being, diversity and inclusion, and social impact in mitigating ESG risks and building long-term resilience. Businesses are expected to adopt innovative approaches to address social issues, including the development of metrics that quantify social impact and the integration of social considerations into strategic decision-making.

e. **Evolution of Investor Role:** The role of investors is evolving as a driving force in shaping the future of ESG risk management. Investors are becoming more sophisticated in their ESG integration strategies, demanding greater transparency, and aligning their portfolios with sustainability goals. This shift is expected to amplify the importance of ESG performance in financial markets, influencing capital allocation and driving companies to prioritize sustainable practices.

In conclusion, the future of ESG risk management is marked by a confluence of technological innovation, scenario-based approaches, industry-specific standards, a heightened focus on social considerations, and the influential role of investors. Organizations that proactively embrace these trends are likely to not only navigate the complexities of the ESG landscape effectively but also seize opportunities for innovation, resilience, and sustainable growth.

MODULE FOUR: BEST PRACTICES, ESG DATA MANAGEMENT & SRMM

This Module 4 of the background material developed for the Certificate Course on Sustainability and BRSR transitions from theoretical concepts to practical implementation, delving into actionable strategies and navigating the complexities of ESG data management.

Best Practices in Action

Real-world case studies: Learn from leading companies successfully integrating responsible business conduct into their operations. Discover innovative approaches to sustainability, ethical sourcing, and stakeholder engagement.

Data: The Fuel for ESG Success

ESG Data Management: Master the art of managing ESG data effectively. Learn about data collection, analysis, and reporting best practices to ensure accuracy and transparency.

Maturity Model: Measuring Your Progress

Sustainability Reporting Maturity Model (SRMM): Utilize the SRMM framework to assess your company's sustainability reporting maturity level and identify areas for improvement.

ESG in India: A Focused Look

Post-Pandemic Surge in Global ESG Investing: Witness the growing appetite for ESG investments and its implications for businesses worldwide.

Focus on Sustainable Development Post-COVID: Explore how the pandemic has intensified the focus on sustainable development and responsible business practices.

Challenges and Missing Links in ESG Adoption: Identify the roadblocks faced by companies in implementing ESG and discover strategies to overcome them.

Module 4 aims to equip you with:

- Practical knowledge and actionable strategies to integrate responsible business conduct into your operations.
- Skills to effectively manage and utilize ESG data for accurate and transparent reporting.
- The ability to leverage the SRMM framework to assess and improve your sustainability reporting maturity.
- Insights into the specific focus and challenges of ESG adoption in India.

By mastering the tools and insights offered in Module 4, readers will be well-positioned to embrace best practices, optimize their data management, and navigate the increasingly important world of ESG ratings. This will propel companies towards a sustainable and successful future.

4.1 Best Practices for sustainability reporting

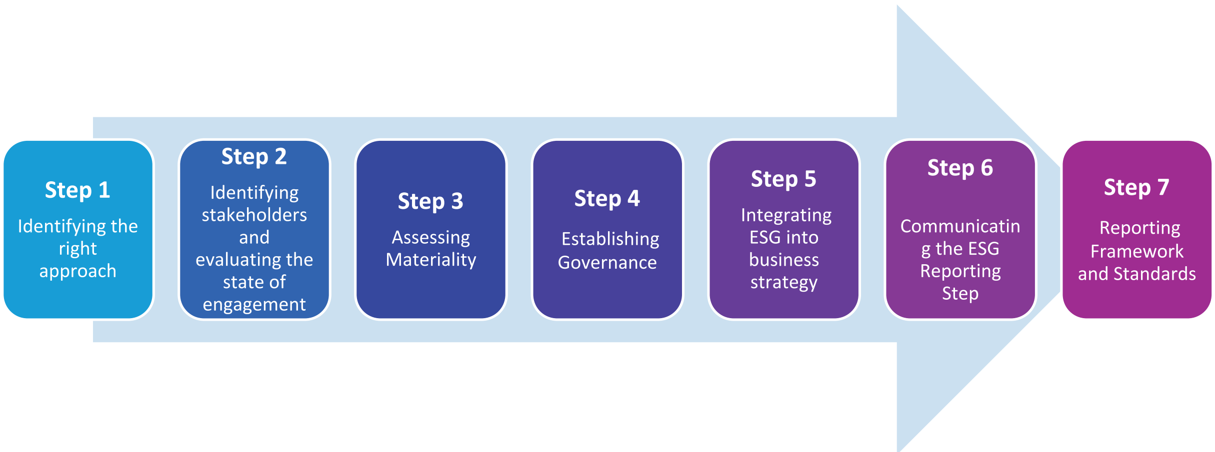
BRSR is a new reporting requirement and the inclusion of BRSR in Annual Report was made voluntary for the FY 2021-22 and mandatory for top 1000 listed Companies in India for 2022-23. In this context, Companies are assessing and evaluating the changing landscape and working towards collation of relevant data and implementation of BRSR.

4.1.1. NSE Guidance

To help the listed entities in understanding the updated disclosure requirements and concepts associated with the new format of the BRSR, National Stock Exchange of India (**"NSE"**), in association with Stakeholder Empowerment Services (**"SES"**), has conceptualized 39 sector-specific integrated guides to BRSR format. These comprehensive guides provide detailed explanation of each parameter in the format and the objective for such disclosures, along with an elaborate guidance on how to measure and report such parameters[1].

4.1.2 NYSE Guidance

Further, New York Stock Exchange (**"NYSE"**) has come out with *"ESG Guidance: Best Practices for Sustainability Reporting"*[2] representing set of voluntary guidelines which may help in alignment and improvement of sustainability reporting by organizations. The following are the steps involved.



a. *Step 1: Identifying the right approach*

- Before a company can begin to think about reporting on its ESG performance, it needs to determine which ESG issues are relevant to it and how these issues fit into its overall business strategy.
- Some companies conduct a formal materiality assessment of these issues, either by external discussions with shareholders and other stakeholders, or internally by looking at ESG issues already on the board's agenda or included in the company's business plan or risk management program.

1. https://www.nseindia.com/resources/publications-reports-corporate-governance-reports
2. https://www.nyse.com/esg-guidance

b. *Step 2: Identifying stakeholders and evaluating the state of engagement*

- Determining the company's stakeholders is a crucial initial step in the development and implementation of an ESG (Environmental, Social, and Governance) strategy. As per the GRI Standards, "Stakeholders are … entities or individuals that can reasonably be expected to be significantly affected by the reporting organization's activities, products, or services; or whose actions can reasonably be expected to affect the ability of the organization to implement its strategies or achieve its objectives".
- Stakeholders may include employees, suppliers, regulators, civil society organizations, communities etc.
- Identifying the company's key stakeholders allows the company to make informed decisions about what to report and where to report it, allowing them to present information in a way that is most relevant to each audience.

c. *Step 3: Assessing Materiality*

- It is important to decide how an organization defines materiality when reviewing the issues that are relevant for its ESG program.
- Some focus solely on issues that are deemed to be financially material. Others also consider the impacts that companies have on society and the environment.
- Additionally, the term "double materiality" is used to describe the idea that companies consider both the ESG issues that impact company as well as company's impact on society/the environment.

d. *Step 4: Establishing Governance*

- Governance includes the oversight structures and processes that set company objectives, measure progress, and evaluate results. Strong governance of ESG issues and ESG reporting is key to the efficacy of ESG programs and credibility of ESG reporting.
- Examples of good practices in ESG governance include:
  - ➢ Describing governance framework, e.g. Board oversight of relevant ESG issues
  - ➢ Allocating to one or more committees of the Board clear responsibility for oversight of important ESG issues
  - ➢ Having a robust process in place to identify ESG risks faced by the company
  - ➢ Knowing how the company will measure success internally before disclosing externally. This would mean identifying the KPIs/indicators to report against the material issues finalized in steps above and then setting up systems/processes/controls to capture, collate and report date against those KPIs

- Ensuring that ESG disclosures are accurate by treating them with similar levels of caution to those applied to financial disclosures
- Putting in place internal controls to measure, monitor, and internally verify ESG-related performance as well as disclosure controls
- Building a data collection process that's of sufficient quality for external review assurance

e. *Step 5: Integrating ESG into business strategy*

- Below the board level, responsibility for design, implementation, and monitoring of the company's ESG strategy should be clearly allocated by senior management.
- Depending on the nature of the strategy and the identified ESG focus areas, responsibility may be spread across various divisions in the company.

f. *Step 6: Communicating the ESG Reporting Step*

- Having identified the company's stakeholders, determined the key ESG issues, and established governance and operational practices, the organization should be ready to begin its reporting process. ESG reporting is the company's opportunity to tell its story.
- To effectively articulate the company's story, it should consider setting out:
  - The core issues that company is focused on
  - How and why the company has chosen those specific issues
  - The measurements and KPIs that you're using to view progress on these key issues
  - Any targets your company has in place in relation to those issues and what processes are in place to track and measure progress against those targets, as well as what governance structures and processes are in place to ensure oversight of ESG issues

g. *Step 7: Reporting Framework and Standards*

- High-quality reporting relies on the disclosure of accurate, balanced, and comparable information that provides genuine insights. Many companies choose to align their sustainability reporting with one or more ESG frameworks.
- Companies must figure out what would yield the most meaningful and useful disclosure for the company and its key stakeholders. This analysis requires understanding:
  - The nuances between different disclosure frameworks/standards
  - Which frameworks/standards best enable the company to tell its story to different stakeholders

- Which rankings and ratings matter to the people that matter to the company
- Aligning a company's disclosures with one or more frameworks or standards should be a deliberate decision - and based on your materiality assessment above as well as stakeholder feedback.

4.2 Highlights of Best Industry Practices from Indian Companies

Businesses are growingly aware of the new requirements of BRSR and hence, necessary means of ensuring compliance are being deliberated and thought about. Certain interesting disclosures in the BRSR report are presented for the reader below. Format of BRSR report by ITC Limited for the year ended March 31, 2023, is also presented at the end of this chapter.

a. Tata Power

- On March 31, 2022, Tata Power together with its subsidiaries and jointly controlled entities, had an installed/managed capacity of 13,515 MW of power. Out of it, the Company has 34% of its capacity (in MW terms) in clean and green generation sources (hydro, wind, solar and waste heat recovery).
- Tata Power has policies and robust process to ensure sustainable sourcing from Business Associates. The Company's Responsible Supply Chain Management Policy (RSCM) governs all the engagements with Business Associates
- The major waste for Tata Power is the Fly Ash generated from thermal power stations. This is redirected towards construction (Ready Mix Concrete as per Fly Ash Notification) and Quarry filling (as per SPCB No Objection Certificate).

b. HDFC Asset Management

- The company has Conflict of Interest Policy ("CoI") policy to avoid conflict of interest involving Board and KMP.
- increased scale and speed in processing transactions and digital fetch tools help in faster authentication of supporting documentation.

c. Bajaj Finance Limited

- BFL Group completed accounting and independent assurance of its GHG emissions for FY2021 and FY2022. This helped with seamless reporting.
- The Company has an executive level ESG Committee consisting of senior management personnel of the Company to monitor various aspects of the social, environmental and governance responsibilities of the Company.
- As a principle the Company along with its subsidiaries through its Equal Employment Opportunity and Nondiscrimination policy and Employee Charter - Human Rights Statement, prohibits any kind of discrimination

against any person with disability in any matter related to employment as per the Right of Person with Disabilities Act, 2016 and Transgender persons (Protection of Rights) Act 2019.

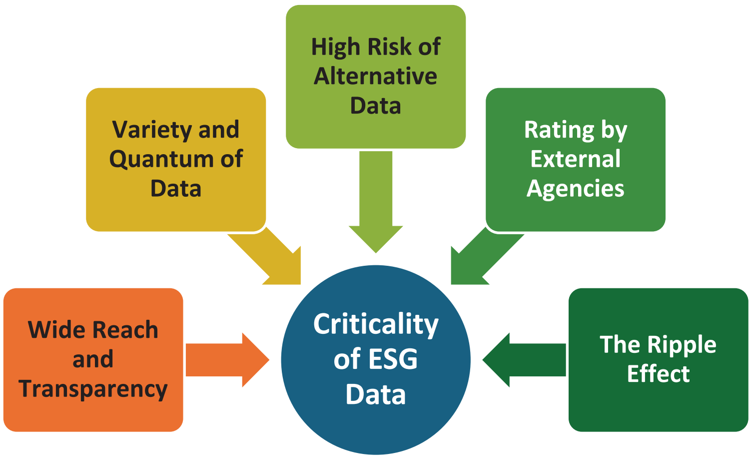
d. Coal India Limited

- Planted over 30.42 lakh saplings during FY'22 expanding the green cover in mining areas significantly to 1468.5 Hectares.
- Sustainability initiatives/commitments like: Low-Carbon coal, Bo-diversity, Clean Technology, overburden utilization and Mine water utilization.

For an ESG integration to be successful, the **Tone at the Top, Mood in the middle and buzz at the bottom** are essential. The Board of Directors are required to strategize the engraining of ESG parameters into the DNA of the organization. The middle management is required to adhere to the strategy and oversee implementation. The bottom management is involved in the day-to-day work and hence will be absolutely crucial for implementation on the ground. The top management is required to assess, identify, and evaluate the material ESG issues for the company and then initiate necessary mitigation measures. The flow of adoption of NGRBC might be a good reference point for integration of ESG in the Company.

4.3 Criticality of ESG Data

Environmental, Social, and Governance (ESG) data is an integral component of modern business practice, influencing decisions at every level. Its prominence isn't merely due to increasing regulatory pressures but also the growing consciousness among stakeholders about sustainable and ethical practices.



a. Wide Reach and Transparency

- **The Trust Factor:** Transparency in ESG reporting underscores an organization's commitment to ethical practices. It fosters a sense of trust among stakeholders, making them more inclined to engage with and invest in the company.

- **Informed Decision Making:** Comprehensive and transparent ESG data allows stakeholders to make informed decisions. Whether investors analyze risks or consumers choose ethical brands, ESG data is a deciding factor.

b. Variety and Quantum of Data

- **Holistic Overview:** The diverse range of ESG data offers a 360-degree view of the organization's operations. This data paints a complete picture, from human resources practices to environmental footprints.
- **Collaborative Data Management:** Due to the sheer volume and variety of ESG data, there's a necessity for inter-departmental collaboration. This teamwork fosters unity and a shared vision of sustainability across the company.

c. *High Risk of Alternative Data*

- **Consistency is Key:** Alternative or inconsistent data can mislead stakeholders and potentially harm an organization's reputation. Ensuring that ESG data aligns with other regulatory filings establishes data integrity.
- **Digital Imperative:** With the modern shift towards digital platforms, ESG data should be seamlessly integrated into digital platforms for easy access and analysis.

d. *Rating by External Agencies*

- **External Ratings:** Third-party ratings, such as those by MSCI or CRISIL, provide an unbiased assessment of an organization's ESG performance. Positive ratings can boost investor confidence and elevate the company's market standing.
- **Continuous Improvement:** These external ratings also act as a feedback mechanism. They highlight areas of improvement, pushing organizations towards better ESG practices.
- **External Assurance:** Assurance on Sustainability data by an independence assurance provider gives confidence to the management and Board on the data/information published by the company in the public domain and enhances the confidence of the external stakeholders including investors on the Sustainability data published by the company. Rating agencies in their evaluation also provide more weightage to assure sustainability data.

e. *The Ripple Effect*

- ESG data, due to its profound impact, creates ripples across the industry. Companies leading in ESG reporting set benchmarks for others, fostering an industry-wide shift towards sustainability and ethical practices. In a world where information travels fast, the influence of robust ESG data cannot be understated.
- The emphasis on ESG data is a testament to the evolving ethos of business practices worldwide. Companies that recognize its criticality and invest in its meticulous management are poised to thrive in an increasingly conscious global market.

4.4 ESG related Data

4.4.1 Background

ESG data management refers to the process of collecting, storing, organizing, and using data related to a company's environmental, social, and governance (ESG) performance. This data is crucial for understanding a company's impact on the environment, its social responsibility, and its ethical governance practices.

4.4.2 Purpose

- **Measure and track ESG performance:** ESG data helps companies monitor their progress towards established sustainability goals and identify areas for improvement.
- **Improve decision-making:** By analyzing and interpreting ESG data, companies can make informed decisions related to sustainability initiatives and resource allocation.
- **Enhance transparency and reporting:** Well-managed ESG data enables companies to disclose their sustainability performance clearly and accurately to stakeholders, including investors, regulators, and the public.

4.4.3 Challenges

- **Data fragmentation:** ESG data often comes from various sources within an organization, making it difficult to consolidate and analyze effectively.
- **Data inconsistency:** Lack of standardized data collection and reporting methodologies can lead to inconsistencies and difficulties in comparing data points across different companies or industries.
- **Data quality concerns:** Ensuring accurate, complete, and reliable data is crucial for meaningful analysis and reporting.

4.4.4 Benefits

- **Improved risk management:** Effective ESG data management helps companies identify and mitigate environmental, social, and governance risks.
- **Enhanced stakeholder engagement:** Transparent and comprehensive ESG reporting fosters trust and strengthens relationships with stakeholders.
- **Increased access to capital:** Investors increasingly considers ESG factors in their investment decisions, making strong ESG performance potentially attractive to potential investors.

4.5 ESG Data Challenges

General Challenges	Environment Data Challenges	Social Data Challenges	Governance Data Challenges
•Data Consolidation Errors •Incomplete Data Collection •Lack of ESG Awareness •Past Reporting Inaccuracies	•Recording Gaps •WAste Management Issues •Fuel Consumption Oversight •Inaccurate Emission Data	•Employee Data Ambiguities •Training Deficiencies •Inadequate CSR Data •Health and Safety Reporting	•Lack of ESG Framework •Policy Gaps •Absence of Redressal Mechanisms •Value Chain Oversight

4.5.1 General Challenges

a. **Data Consolidation Errors:** Merging data from diverse sources can lead to inconsistencies or duplication. Ensuring that data from various departments or regions align cohesively is often challenging.

b. **Incomplete Data Collection:** Not all operational sites sometimes contribute data, leading to gaps in the overall ESG picture. Ensuring comprehensive data collection is imperative for accuracy.

c. **Frequent Changes in SPOCs:** A changing Single Point of Contact can disrupt the data collection flow, causing delays or inconsistencies.

d. **Lack of ESG Awareness:** If the on-ground staff isn't aware of or adequately trained about the ESG objectives, the data provided can often be inaccurate or incomplete.

e. Past Reporting Inaccuracies: Discrepancies in previously reported data can affect the consistency and credibility of future reports.

4.5.2 Environment Data Challenges

a. **Recording Gaps:** Critical environmental metrics like water consumption, waste generation, or e-waste certificates might not always be documented, leading to significant reporting voids.

b. **Waste Management Issues:** If waste is stored on-site for extended durations without proper documentation or disposal mechanisms, it poses both environmental and reporting challenges.

c. **Fuel Consumption Oversight:** Overlooking details like diesel or petrol usage for machinery or not differentiating fuel source usage (mobile v/s stationery) can skew emission data.

d. **Inaccurate Emission Data:** If air emissions aren't recorded, audited, or reported with incorrect units of measurement, it can lead to regulatory and reputational risks.

4.5.3 Social Data Challenges

a. **Employee Data Ambiguities:** Not having a clear distinction between employee types, like regular employees and workers, can affect social metric accuracy.

b. **Training Deficiencies:** If training sessions aren't adequately recorded or critical personnel aren't trained, it can affect the organization's ESG performance.

c. **Inadequate CSR Data:** While financial contributions to Corporate Social Responsibility might be documented, beneficiary details or impact metrics might be missing.

d. **Health & Safety Reporting:** Critical data on injuries, fatalities, or other safety incidents might not be consistently recorded across sectors, affecting the integrity of the report.

4.5.4 Governance Data Challenges

a. **Lack of ESG Framework:** The absence of dedicated ESG committees or responsible board members can hinder the governance aspect of ESG.

b. **Policy Gaps:** Missing policies or the absence of board approvals on existing policies can lead to governance shortfalls.

c. **Absence of Redressal Mechanisms:** Lack of proper grievance redressal channels may lead to reduced stakeholder trust and regulatory compliance issues.

d. **Value Chain Oversight:** Not including value chain partners in governance policies or not setting clear ESG targets can dilute the efficacy of governance initiatives.

4.6 ESG Data Management Process

Effective management of ESG data requires a systematic approach, ensuring that the collected information is accurate, relevant, and actionable. This process is segmented into the following phases:

Phase 1 - Initiation	Steps Involved
Understanding the Organization	a. **Foundation Knowledge:** It's essential to grasp the organization's ethos, mission, vision, and operational intricacies. This foundational understanding ensures ESG initiatives resonate with the company's broader goals. b. **Mapping ESG Impact:** Understanding the organization also entails recognizing its environmental and social impacts and governance structures. This mapping provides a basis for data prioritization.
Identify SPOCs	c. **Defining Roles:** Assigning Single Points of Contact (SPOCs) across departments ensures a streamlined process. These SPOCs are the nexus between ESG data management teams and their respective departments.

Phase 1 - Initiation	Steps Involved
	d. **Awareness Sessions:** Holding informational and training sessions helps raise awareness about the importance of ESG metrics and each department's role in gathering this data.
Engage with SPOCs	**e.** **Continuous Dialogue:** Maintaining an open channel for communication with SPOCs ensures timely identification and resolution of challenges. f. **Data Templates & Standards:** By interacting with SPOCs, teams can understand and explain the required data templates, ensuring uniformity and accuracy in data collection.

Phase 2 - Execution	Steps Involved
Materiality Assessment	a. **Relevance Determination:** Materiality Assessment involves filtering ESG metrics to identify the most pertinent to stakeholders and aligned with the organization's strategic objectives. b. **Industry Benchmarks:** It's also essential to compare the organization's metrics against industry benchmarks, offering insights into the company's performance relative to its peers.
Identify Gaps	c. **Comprehensive Review:** This step involves scrutinizing the existing ESG framework to identify any shortcomings or areas that require bolstering. d. **Corrective Actions:** Recognizing these gaps enables organizations to take corrective measures such as introducing new policies, forming committees, or assigning ESG responsibilities to specific directors.
Data Collection and Collation	e. **Unified Database:** Consolidating data from various sources into a unified database ensures easy access and analysis. f. **Validation & Calculations:** Once collated, the data undergoes rigorous validation to ensure accuracy. Additionally, certain metrics might require calculations to transform raw data into actionable insights.

Phase 3 - Publication	Steps Involved
Update Reports	a. **Standardized Reporting:** The final ESG data is integrated into standardized reports, ensuring consistency in presentation.

Phase 3 - Publication	Steps Involved
	b. **Accessible Formats:** Data should be published in widely accepted formats like BRSR and XBRL, ensuring it's easily accessible to stakeholders.
Stakeholder Communication	c. **Engaging Presentations:** While data is crucial, its presentation determines its impact. Incorporating visuals, infographics, and easy-to-understand language can enhance stakeholder engagement. d. **Feedback Mechanism**: Once published, it's essential to have a mechanism to gather feedback from stakeholders, ensuring continuous improvement in subsequent reports.

4.6. Materiality Assessment

ESG materiality provides a comprehensive, multi-dimensional analysis of a company's impacts, risks, and opportunities. It involves the potential impact on the company's financial condition and the broader socio-environmental implications of the company's activities.

For instance, a business might assess the materiality of issues like greenhouse gas emissions, employee safety protocols, community engagement, or data security.

ESG materiality is at the core of a company's sustainability agenda as it defines the parameters against which a company will not only report its progress but also be evaluated by the world. Therefore, understanding materiality in the ESG context is pivotal in steering businesses towards practices that ensure their own sustainability and that of the planet and its inhabitants.

Identify	Identify key ESG risks and opportunities covering internal and external stakeholder views
Prioritise	Conduct internal assessment to prioritise material topics with respect to company's business
Validate	Validate with the stakeholders and finalize the list
Integrate	Integrate by aligning targets and goals

4.7. Sources of BRSR Data

The nine principles discussed earlier form a holistic framework for business responsibility and sustainability. These principles emphasize the importance of ethical business practices, sustainable product creation, employee well-being, and robust stakeholder relations. They also prioritize human rights, environmental conservation, public policy engagement, community development, and consumer trust. Guided by specific policies and overseen by respective organizational departments—from HR and Legal to Marketing and IT—these principles encapsulate the multifaceted nature of sustainable business operations and underscore the importance of a comprehensive approach to corporate responsibility.

Below is the short summary on how to collect data for verification and compilation process of BRSR:

Principle 1: Ethical Business

Policies	Indicators	Most relevant Functional Areas relevant for data collection
Anti-Bribery	Trainings and Awareness	Company Secretarial
Anti-Corruption	Control Mechanism	Legal
Conflict of Interest	Redressal and Grievance Procedures	Human Resource
Whistle Blower Policy (Vigil Mechanism Policy)	Complaints/Cases	Company Secretarial
Related Party Transaction Policy	Fines & Penalties	Legal
Fair Disclosure Code	Trainings and Awareness	Company Secretarial
Dividend Distribution Policy	Control Mechanism	Company Secretarial
Fair Remuneration Policy	(Board Evaluation Policy)	Company Secretarial
Tax Strategy	Tax Calculations	Legal & Tax
Code of Business Ethics	Manual of Code of Conduct	Corporate & Secretarial

Principle 2: Sustainable Product

Policies	Indicators	Functional Areas
Sustainability Sourcing	Product/Service Innovation	Company Secretarial
Safe disposal/recycling/reuse of packing material	Sustainable Sourcing	Legal
Product Safety and Quality	Life Cycle Assessment	Human Resource

Policies	Indicators	Functional Areas
Supply Chain Management Policy	Recycling & Reusing	Production
Sustainability Sourcing	Product/Service Innovation	Procurement

Principle 3: Employee Well-being

Policies	Indicators	Functional Areas
Employee and Workmen Benefits	Benefits & Compensation	Human Resource
Health and Workplace Safety	Equal opportunities	Human Resource
Skill Development	Care for specially-abled	Human Resource
Return to work policy	Right of association	Human Resource
Employee Code of Conduct	Upskilling	Human Resource
Prevention of child labor and forced labor	Occupational health & safety	Human Resource
Employee training and development policy	Value chain assessment	Human Resource
Employee and Workmen Benefits	Post-retirement assistance	Human Resource

Principle 4: Stakeholder Management

Policies	Indicators	Functional Areas
Stakeholder Identification	Stakeholder Engagement	Leadership
Mode of Communication	Stakeholder Involvement	Leadership

Principle 5: Human Rights

Policies	Indicators	Functional Areas
Human Rights Policy	Minimum wages	Human Resource
Equal opportunity for Work and Pay policy	Remuneration	Leadership & Human Resource
Criteria for making payments to Non-Executive Directors	Remuneration	Leadership & Human Resource
Grievances mechanism	Due diligence of Plants and Sites	Corporate & Secretarial
Sourcing from ESG Compliant Value Chain Partners	Supply Chain Assurance	Procurement

Principle 6: Environment

Policies	Indicators	Functional Areas
Waste disposal and management	Energy efficiency	Human Resource
Emission Management and Carbon Reduction	Water conservation	Production & IT
Energy Policy	Emission reduction	Production & IT
GHG Accounting	Waste upcycling	Production
Waste disposal and management	Biodiversity preservation	Production & IT
Emission Management and Carbon Reduction	Energy transition	Production & IT
Energy Policy	Climate action	Production & IT

Principle 7: Public Policy

Policies	Indicators	Functional Areas
Public policy and advocacies	Affiliation & trade association	Company Secretary
	Public policy advocacy	Compliance

Principle 8: Community

Policies	Indicators	Functional Areas
Preferential Procurement	Social Impact Assessment	Procurement
Corporate Social Responsibility	CSR	Compliance
Community engagement and fair practices	Local sourcing	Leadership & Procurement

Principle 9: Consumer

Policies	Indicators	Functional Areas
Consumer Practices	Customer engagement	Marketing
	Fair communication	Product
	Customer awareness	Operations
Data Governance and Privacy	Data security & privacy	IT and Data security
	Cyber security	IT and Data security

4.8 Sustainability Reporting Maturity Model (SRMM)

The Sustainability Reporting Maturity Model (SRMM) is a self-assessment tool developed by The Institute of Chartered Accountants of India (ICAI) to help Indian companies assess and improve their sustainability reporting practices.

It is based on the Business Responsibility and Sustainability Reporting (BRSR) formats and scoring mechanisms issued by the Ministry of Corporate Affairs (MCA) in India. The BRSR framework outlines specific social and environmental disclosures that companies listed on stock exchanges in India are required to report on. The SRMM's tiered classification provides a clear picture of an organization's current sustainability reporting position through a self-rating mechanism. By defining distinct stages of maturity, the SRMM can be used as a roadmap for organizations to recognize their current BRSR preparedness and visualize the next steps in their sustainability reporting journey.

SRMM Version 1.0 has been updated to SRMM Version 2.0 to incorporate the changes brought in by SEBI BRSR Circular. Similar to SRMM Version 1.0, this version comprises of total 300 scores, by completing the scoring of all three sections and nine principles of the SEBI BRSR.

SRMM Version 2.0 offers the possibility for each corporate complying with BRSR to individually assess its position vis a vis various sustainability reporting maturity levels and achieve its vision of sustainable business. Level 1, Level 2 and Level 3 and Level 4 of Sustainability Maturity of corporates have been defined based on total range of scores obtained by a corporate in a financial year as per the proposed BRSR scoring mechanism. Leadership Indicators have been given prominence by allocating score of 75 for encouraging companies to target achievement of same. Each maturity level portrays the present level of sustainability reporting and where a new cycle of reporting starts towards a higher level of sustainability reporting. Further, corporates can self- evaluate their current level of maturity on the Sustainability Reporting Maturity Model, identify areas where more focus is required, and then develop a road map for upgrading to a higher level of maturity. This would include formulation of strategies/processes for internal controls and data collection to progress towards achievement of sustainable goals and thereby moving to higher level of sustainable reporting.

Refer https://resource.cdn.icai.org/74106srsb59994.pdf for detailed SRMM Version 2.0.

4.8.1 Understanding SRMM:

a. **Self-Evaluation Tool for BRSR:** The SRMM serves as a diagnostic tool, enabling organizations to introspectively assess the quality, comprehensiveness, and effectiveness of their BRSR reports.

b. **Classified Reporting Levels:** The SRMM categorizes sustainability reports into four distinct maturity levels, each representing a progressive stage of reporting excellence.

c. **Scoring Mechanism:** By generating scores as percentages, the SRMM provides quantitative insights, allowing organizations to benchmark their performance. A total score of 300 serves as a reference, with flexibility for organizations to adjust this total. Organizations can remove some indicators that may not be relevant to their business and thus deduct their score from the total. This flexibility allows for a more equitable rating.

d. **Emphasis on Leadership Indicators:** The model encourages organizations to go beyond just compliance and actively report leadership initiatives and innovative practices in sustainability.

e. **Stages of SRMM:** The SRMM defines four stages of sustainability reporting maturity:

- **Formative Stage (Level 1)**: Companies at this stage are just beginning to develop their approach to sustainability reporting. They may have limited information to report and may not have a formal process in place.
- **Emerging Stage (Level 2)**: Companies at this stage are starting to collect and report more information on their sustainability performance. They may have a formal process in place, but it may not be well-developed.
- **Established Stage (Level 3**): Companies at this stage are reporting on a wider range of sustainability metrics and have a more developed process in place. They may also be starting to set sustainability goals and targets.
- **Leading by Example Stage (Level 4)**: Companies at this stage are leaders in sustainability reporting. They are reporting comprehensive information on their sustainability performance, have set ambitious sustainability goals, and are actively engaged in stakeholder engagement.

Stage	Formative Stage	Emerging Stage	Established Stage	Leading by Example
BRSR Score	Up to 25%	> 25% and Up to 50%	> 50% and Up to 75%	> 75%
Explanation	The organizations are at the initial level of reporting and are in the process of identifying the need and responsibility of BRSR.	The organizations realize the value of BRSR and responds to it by setting up robust mechanism for reporting, etc.	The organizations have established formal functions/ policies/systems for BRSR.	The organizations strive for more than compliance and work towards being a market leader.
	Try to establish policies/ systems for data collection and disclosures.	The functions/ policies/ systems for such reporting are still to be formalized/ focused. The organization is working towards	Involved in compliance functions, etc., and focus increasing on qualitative aspects.	Strategically differentiating by enhancing disclosures vis a vis innovative methods/ technique employed.

Stage	Formative Stage	Emerging Stage	Established Stage	Leading by Example
		establishing/ enhancing internal controls, data collection and disclosures.		

4.8.2 Advantages of SRMM:

a. **Gap Analysis:** Organizations can utilize SRMM to identify gaps in their reporting processes and take corrective actions.

b. **Strategic Planning:** By understanding their current maturity level, organizations can chart a strategic course toward reaching higher levels of reporting maturity.

c. **Continuous Improvement:** The SRMM provides a framework for continuous evaluation, allowing organizations to consistently refine and enhance their reporting processes.

4.8.3 How to Use SRMM

Case Study 1

Here's a snapshot of Principle 2, as reported by a company in their BRSR report, followed by the SRMM ranking.

PRINCIPLE 2: BUSINESSES SHOULD PROVIDE GOODS AND SERVICES IN A MANNER THAT IS SUSTAINABLE AND SAFE

Essential Indicators

1. Percentage of R&D and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of product and processes to total R&D and capex investments made by the entity, respectively.

	FY 22-23 (Current Financial Year)	FY 21-22 (Previous Financial Year)	Details of improvements in environmental and social impacts
R&D	0%	0%	NA
Capex	27.20%	25.82%	1- Installed sewage plant 2- Shifted from diesel to electricity for lighting source 3- Procured electric welding machine

2. a. Does the entity have procedures in place for sustainable sourcing? (Yes/No)	No
b. If yes, what percentage of inputs were sourced sustainably?	NA
3. Describe the processes in place to safely reclaim your products for reusing, recycling and disposing at the end of life, for (a) Plastics (including packaging) (b) E-waste (c) Hazardous waste and (d) other waste.	NA
4. Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes / No). If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? If not, provide steps taken to address the same.	No

SRMM Rating:

Principle 2	Scaling	Score
% of R&D and capital expenditure in technologies to improve the environmental and social impacts of products/processes	5 for > 40%, 4 for > 30%, 3 for > 20%; 2 for 10%-20%; 1 for < 10%; 0 for NR	1
Procedures for sustainable sourcing are in place	1 for Yes; 0 for No	0
Percentage of inputs sourced sustainably	5 for > 75%, 4 for 50-75%, 3 for 25-50%; 2 for 10-25%; 1 for < 10%; 0 for NR	0
Details of the processes in place to safely reclaim your products for reusing, recycling and disposing at the end of life – plastic, e-waste, hazardous waste	1 for Reported; 0 for NR	0
Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes/No). If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? If not, provide steps taken to address the same.	3 for Availability of EPR, waste collection plan in compliance with EPR and Mitigation steps taken, 2 for availability of EPR, 1 For Reporting, 0 for NR	0
Total Score		**1**

Case Study 2

PRINCIPLE 8: BUSINESSES SHOULD PROMOTE INCLUSIVE GROWTH AND EQUITABLE DEVELOPMENT

Essential Indicators

2. **Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity, in the following format:**

S. No.	Name of Project for which R&R is ongoing	State	District	No. of Project Affected Families (PAFs)	% of PAFs covered by R&R	Amounts paid to PAFs in the FY (In INR)
NA						

3. **Describe the mechanisms to receive and redress grievances of the community.**	**Stakeholder Engagement Plan -** We engage with the local community through various means like onsite community meetings and direct engagement through project teams. The community members can reach out to us through letters, email and in person for any of their concerns or grievances.

4. **Percentage of input material (inputs to total inputs by value) sourced from suppliers:**

	FY 22-23 (Current Financial Year)	FY 21-22 (Previous Financial Year)
Directly sourced from MSMEs/ small producers	17%	10%
Sourced directly from within the district and neighbouring districts	46%	42%

SRMM Rating:

Principle 8	Scaling	Score
Social Impact Assessments (SIA) conducted in financial year	5 for Assessment by independent external agency, 2 for Internal assessment, 0 for NR	0
Project(s) for which ongoing Rehabilitation and Resettlement is undertaken	3 if > 2 projects, 2 for 2 projects, 1 for one project; 0 for NR	0
Mechanisms to receive and redress grievances of the community	1 for Reported; 0 for NR	1
Percentage of input material (by value of all inputs) to total inputs sourced from suppliers	3 for MSME and small producers > 80% input from suppliers, 2 for MSME and small producers > 50% and < 80% input from suppliers; 3 for > 50% input from suppliers within the district and neighboring districts, 2 for < 50% input from suppliers within the district and neighboring districts, 1 for Reported, 0 for NR	2
Total Score		**3**

4.9 Some BRSR Reports for 2022-23

Name of the entity	Link to the report
Reliance Industries Limited	https://www.ril.com/sites/default/files/2023-08/BRSR202223.pdf
Tata Consultancy Services Limited	https://www.tcs.com/content/dam/global-tcs/en/pdfs/who-we-are/tcs-annual-sustainability-report.pdf
HDFC Bank Limited	https://www.hdfcbank.com/content/bbp/repositories/723fb80a-2dde-42a3-9793-7ae1be57c87f/?path=/Footer/About%20Us/Other%20stakeholders%27%20Information/2023/sept/22/21-BRSR.pdf
Hindustan Unilever Limited	https://hul-performance-highlights.hul.co.in/performance-highlights-fy-2022-2023/brsr/
Infosys Limited	https://www.infosys.com/investors/reports-filings/annual-report/annual/documents/2022-23/business-responsibility-and-sustainability-report.pdf
ITC Limited	https://www.itcportal.com/about-itc/shareholder-value/annual-reports/itc-annual-report-2023/pdf/consolidated-business-responsibility-and-sustainability-report.pdf

Name of the entity	Link to the report
State Bank of India	https://bank.sbi/documents/17826/35696/Annual_Report_2023.pdf
Bharti Airtel Limited	https://assets.airtel.in/teams/simplycms/ADTECH/docs/Integrated_Report_and_Annual_Financial_Statements.pdf
Larsen & Toubro Limited	https://investors.larsentoubro.com/upload/AnnualRep/FY2023AnnualRepLT%20Integrated%20Annual%20Report%202023.pdf
Oil & Natural Gas Corporation Limited	https://ongcindia.com/documents/77751/2660534/BusinessresponsibilityReport-FY23.pdf
Hindustan Zinc Limited	https://www.hzlindia.com/wp-content/uploads/Integrated-Annual-Report-2022-23.pdf
Asian Paints	https://www.asianpaints.com/content/dam/asianpaints/website/secondary-navigation/investors/annual-reports/2022-2023/BusinessResponsibilityandSustainabilityReport.pdf

MODULE FIVE : BRSR vis-à-vis GLOBAL FRAMEWORK

This module of the background material prepared for the Certificate Course on Sustainability and BRSR covers important aspects pertaining to Business Responsibility and Sustainability Reporting (BRSR) and various other Global Frameworks for Environmental, Social and Governance (ESG) reporting.

Key Elements covered in this module

- A comprehensive overview of the Global Framework for sustainability reporting
- Mapping of India's BRSR framework with prominent Global Frameworks for streamlined reporting.
- Updates about recent developments in international sustainability reporting.

Module 5 aims to equip you with:

- A comprehensive understanding of the global landscape of sustainability reporting frameworks.
- The ability to map India's BRSR framework with prominent global frameworks for streamlined reporting.
- Insights into emerging forces like TCFD framework, and the ISSB, enabling you to prepare for potential future changes.
- Knowledge of the latest developments in international sustainability reporting standards, including IFRS S1 and S2, CSRD ESRS standards and proposed US SEC climate related disclosures.

By navigating the complex but crucial world of global sustainability reporting frameworks and understanding their compatibility with BRSR, Module 5 empowers readers to confidently navigate the evolving landscape and ensure their company's reporting practices are aligned with international best practices and emerging standards.

5.1 Global Trends in Corporate Sustainability Reporting

5.1.1 Evolution of Corporate Sustainability Reporting

Corporate sustainability reporting has evolved significantly, reflecting a shift towards acknowledging the importance of Environmental, Social, and Governance (ESG) factors in business practices. It's a crucial way for organizations to demonstrate their commitment to sustainable development, transparency, and accountability to stakeholders.

5.1.2. Why Sustainability Reporting Matters

In today's world, with concerns like climate change, social inequalities, and ethical business practices on the rise, there's a growing need for companies to disclose their sustainability efforts. Sustainability reporting is essential for conveying these initiatives and their impact on society, the environment, and the economy.

a. Integrated Business Management

There's a broader shift towards integrating sustainability into corporate strategies to create long-term value for both the organization and society. This integrated approach recognizes that sustainability considerations are integral to successful business management.

b. Addressing Global Challenges

In the face of challenges such as public health crises, climate volatility, and social disparities, there's a pressing need for unified efforts and a common language to measure and report on societal progress. Sustainability reporting plays a crucial role in this by quantifying efforts towards sustainable outcomes and informing decision-making processes.

c. Limitations of Traditional Reporting

While traditional Annual Reports focus on financial performance, they often overlook important sustainability-related information. With increasing environmental and social risks, aligning with global sustainability frameworks like the UN Sustainable Development Goals is essential.

d. Moving Towards Standardization

Recognizing the need for comparability and the impact of sustainability issues on risk, return, and company valuation, there's momentum towards mandatory reporting requirements and the harmonization of reporting frameworks globally. Initiatives like the Paris Agreement and the United Nations Global Compact Principles are driving this movement.

e. Collaborative Efforts

Global organizations like WWF, UNEP, and WRI have collaborated to develop reporting frameworks. These provide structured guidelines for organizations to report on their ESG performance, promoting transparency, accountability, and comparability across industries and regions.

Some popular global frameworks for sustainability reporting are as follows:

Global Reporting Initiative (GRI)

- Provides comprehensive guidelines for reporting on economic, environmental, and social impacts.

Sustainability Accounting Standards Board (SASB)

- Focuses on industry-specific sustainability disclosure standards.

International Integrated Reporting Council (IIRC)

- Promotes integrated reporting that combines financial and non-financial information to provide a holistic view of an organization's performance.

Task Force on Climate-related Financial Disclosures (TCFD)

- Focuses on disclosing climate-related financial risks and opportunities.

CDP (formerly known as Carbon Disclosure Project)

- Collects data on climate change, water security, and deforestation.

United Nations Global Compact (UNGC)

- Encourages companies to align their strategies and operations with ten universally accepted principles.

The Organisation for Economic Co-operation and Development (OECD)

- Guidelines for Multinational Enterprises

The United Nations Global Compact (UNGC)

- The Communication on Progress

5.1.3 Key Environmental Frameworks for Sustainable Practices

1. **CDP (Carbon Disclosure Project):** CDP is a non-profit organization that collects environmental data from companies, cities, states, and regions worldwide. It focuses on climate change, water security, and deforestation. Investors, customers, and governments use CDP's data to evaluate environmental performance and encourage sustainability.

2. **TCFD (Task Force on Climate-related Financial Disclosures):** TCFD provides recommendations for companies to disclose climate-related financial risks and opportunities. It helps investors, lenders, and insurers assess the impact of climate change on businesses. The framework encourages reporting on climate risk management and alignment with a low-carbon economy.

3. **SBTi (Science Based Targets Initiative):** SBTi assists companies in setting science-based targets for reducing greenhouse gas emissions. These targets align with the goals of the Paris Agreement to limit global warming. Committing to and achieving science-based targets demonstrates a company's dedication to addressing climate change.

4. **UNGC (United Nations Global Compact):** UNGC is a voluntary initiative promoting sustainable and socially responsible policies and practices among businesses and organizations. By joining, companies commit to ten principles covering human rights, labor, environment, and anti-corruption. UNGC aims to align business strategies with broader societal goals for a more sustainable and inclusive global economy.

5.2 Global Emerging Trends in Sustainability Reporting

As global challenges mount, sustainability reporting is evolving to address new trends and demands. Organizations are expanding the scope of their reporting beyond traditional boundaries to encompass a wider range of considerations.

a. **Community Engagement and Diversity Metrics**: Understanding societal contributions and managing social risks are increasingly vital. Metrics related to community engagement and diversity are gaining importance in sustainability reporting.

b. **Technology Integration:** New technologies like blockchain and artificial intelligence (AI) are enhancing data transparency and analysis of Environmental, Social, and Governance (ESG) trends. This improves the accuracy and efficiency of reporting processes.

c. **Circular Economy Initiatives:** Initiatives focused on product life extension, reuse, and recycling are on the rise. Reporting on circular economy efforts is gaining popularity as organizations prioritize sustainability in their operations.

d. **Sustainable Finance Integration:** Organizations are aligning with sustainable finance principles and issuing green bonds or loans to support sustainability initiatives. Reporting now includes financial instruments backed by sustainability commitments.

e. **Supply Chain Transparency:** Reporting extends to the entirety of an organization's supply chain, encompassing efforts to ensure ethical labor practices, responsible sourcing, and material traceability.

f. **Impact Investing Reporting:** As impact investing grows, companies are reporting on the social and environmental benefits derived from their investments, demonstrating tangible outcomes beyond financial returns.

g. **Regenerative Agriculture and Land Use Practices:** Efforts to restore soil health, enhance biodiversity, and combat land degradation through regenerative agriculture and land use practices are being reported on.

h. **Alignment with Sustainable Development Goals (SDGs):** Sustainability reports are increasingly aligning with the Sustainable Development Goals (SDGs), showcasing how organizations contribute to these global objectives.

i. **Climate Risk Analysis:** In response to investor and regulatory pressures, organizations are conducting climate risk scenario analysis and reporting on the potential financial impacts of climate-related scenarios.

j. **Eco-labels and Certifications:** To meet consumer demand for trustworthy information on environmentally friendly products, eco-labels and certifications indicating sustainability are becoming more prevalent.

Source: https://earth.org/sustainability-reporting-in-the-era-of-esg-best-practices-and-emerging-trends/

5.3 Global Reporting Initiative (GRI)

a. Introduction: The Genesis of GRI

The Global Reporting Initiative (GRI) emerges in response to environmental concerns following the Exxon Valdez oil spill. It finds its roots in Boston (USA) in 1997, with the collaboration of CERES, the Tellus Institute, and the UN Environment Programme.

b. Evolution of Sustainability Reporting: From Guidelines to Standards

GRI releases its inaugural Sustainability Reporting Guidelines (G1) in 2000, marking the beginning of a global framework. Over the years, GRI transitions to an independent institution, relocates its Secretariat to Amsterdam, and updates its Guidelines to G2 (2002), G3 (2006), and G4 (2013). In 2016, GRI shifts from guidelines to the GRI Standards, setting a new standard for sustainability reporting.

c. Global Expansion and Regional Presence

GRI's reach extends globally with the establishment of regional offices in Brazil (2007), China (2009), India (2010), USA (2011), South Africa (2013), Colombia (2014), and Singapore (2019). This network facilitates localized support and engagement with diverse stakeholders.

d. *Engagement Platforms: Global Conferences and Beyond*

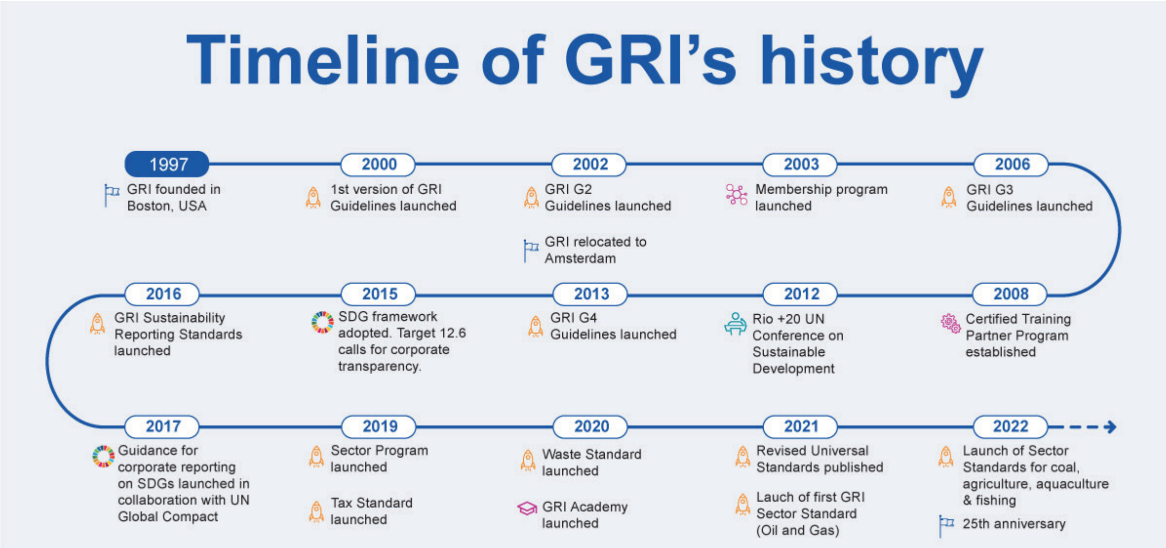
Initially centered on global conferences in Amsterdam, GRI's engagement strategy evolved to include more regular regional and virtual events and summits, enhancing participation and accessibility.

e. *From Guidelines to Standards: The GRI Standards*

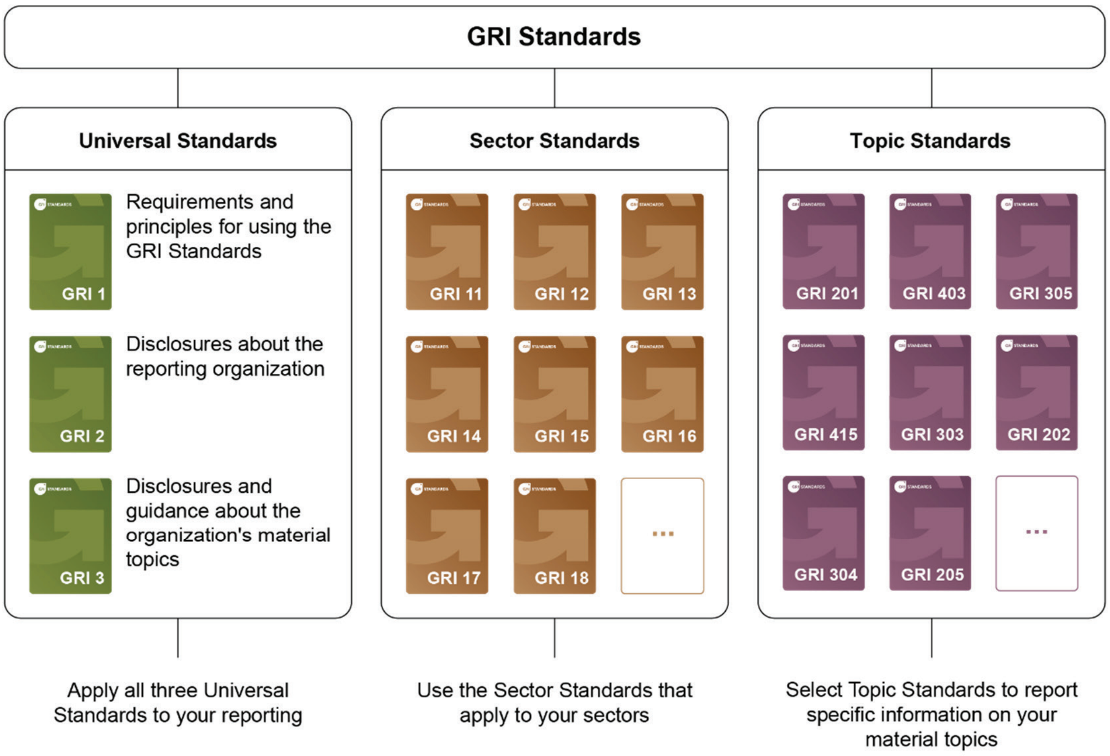
In 2016, GRI transitions to providing the GRI Standards, the first global standards for sustainability reporting. These standards continue to evolve with the addition of new standards, such as Tax (2019) and Waste (2020), and updates to existing ones, including the Universal Standards (2021) and Sector Standards (ongoing).

f. *Conclusion: GRI's Ongoing Commitment*

GRI's journey highlights its ongoing commitment to advancing sustainability reporting globally. By evolving from guidelines to standards and expanding its regional presence, GRI remains at the forefront of promoting transparency, accountability, and sustainability across industries and borders.



Source: https://www.globalreporting.org/about-gri/mission-history/



Source: https://www.globalreporting.org/standards/

g. Linking the GRI Standards and BRSR Framework

In view of the existing trend of companies already following the ESG reporting frameworks and publishing their sustainability performance, SEBI has stated that the listed entities already preparing and disclosing sustainability reports based on internationally accepted reporting frameworks (such as GRI, SASB, TCFD or Integrated Reporting) may cross-reference the disclosures made under such framework to the disclosures sought under the BRSR.

GRI has published a linkage document, designed to serve the purpose of cross-referring the requirements of BRSR to GRI Standards.

(Refer https://www.globalreporting.org/media/ioqnxtmx/sebi_brsb_gri_linkage_doc.pdf)

The BRSR requirements are linked to the disclosures mentioned in the GRI 2: General disclosures 2021, GRI 3: Material topics 2021, and the Topic Standards (200, 300 and 400 series).

Most of the BRSR indicators are covered under the GRI standards, however, there are certain requirements of BRSR/GRI standards which do not have a direct corresponding requirement in the other frameworks.

Illustrative example from GRI-BRSR linkage document:

SEBI - BRSR Framework	GRI Standards and Disclosures
Section C: Principle wise Performance Disclosure	
PRINCIPLE 1 Businesses should conduct and govern themselves with integrity, and in a manner that is ethical, transparent and accountable.	
Essential Indicators	
P1-E1	GRI 2: General Disclosures 2021 **Disclosures 2-17-a; 2-24-a-iv**
P1-E2	GRI 2: General Disclosures 2021 **Disclosures 2-27 a i- ii; b i-ii; c, d**
P1-E3	GRI 2: General Disclosures 2021 **Disclosure 2-27 a I, ii**
P1-E4	GRI 2: General Disclosures 2021 **Disclosures 2-23-a; 2-23-c;** GRI 3: Material Topics 2021 to be used together with GRI 205: Anti-corruption 2016 **Disclosure 3-3-c**
P1-E5	GRI 205: Anti-corruption 2016 **Disclosure 205-3-a; 205-3-b**
P1-E6	Can be covered by - GRI 2: General Disclosures 2021 **Disclosure 2-25-e**
P1-E7	GRI 205: Anti-corruption 2016 **Disclosure 205-3-d**
Leadership Indicators	
P1-L1	GRI 2: General Disclosures 2021 **Disclosure 2-24-a-iv**
P1-L2	GRI 2: General Disclosures 2021 **Disclosures 2-10-b-iii; 2-15-a**

Source: https://www.globalreporting.org/media/ioqnxtmx/sebi_brsb_gri_linkage_doc.pdf

There are few differences between GRI standards and BRSR Framework:

- The BRSR requirements refer to the financial year, while the GRI Standards refer to the reporting period. The reporting period for the GRI Standards may be the financial year, but it may also be different.
- Some BRSR indicators require information for the current as well as previous financial year. The GRI Standards mainly require information for the current reporting period. It is, however, recommended to present information for the current reporting period and at least two previous periods.
- For BRSR indicators that link to disclosures from the GRI Topic Standards, it is essential to mention that organizations using the GRI Standards are required to only report on the topics that are material, whereas BRSR has already chosen the topics on which reporting has to be made. Hence, there is a possibility that reports according to GRI do not mention some of the disclosures because they are not material topics for the reporting organization - however, it is mandatory for BRSR to report those indicators.

5.4 Sustainability Accounting Standards Board (SASB)

The Sustainability Accounting Standards Board (SASB) was founded in 2011 as a not-for-profit, independent standards-setting organisation. SASB's mission was to establish and maintain industry-specific standards that assist companies in disclosing financially material, decision-useful sustainability information to investors.

SASB created market-specific Key Performance Indicators (KPIs) for sustainability to supplement the ESG Framework's rules for reporting environmental data in the mainstream corporate report. SASB offers a set of guidelines to all reporting organizations, with the CDSB Framework for sustainability reports and environmental resource capital reporting serving as additional advice for specific environmental parameters.

Source: https://www.azeusconvene.com/esg/articles/what-you-need-to-know-about-the-sasb-framework

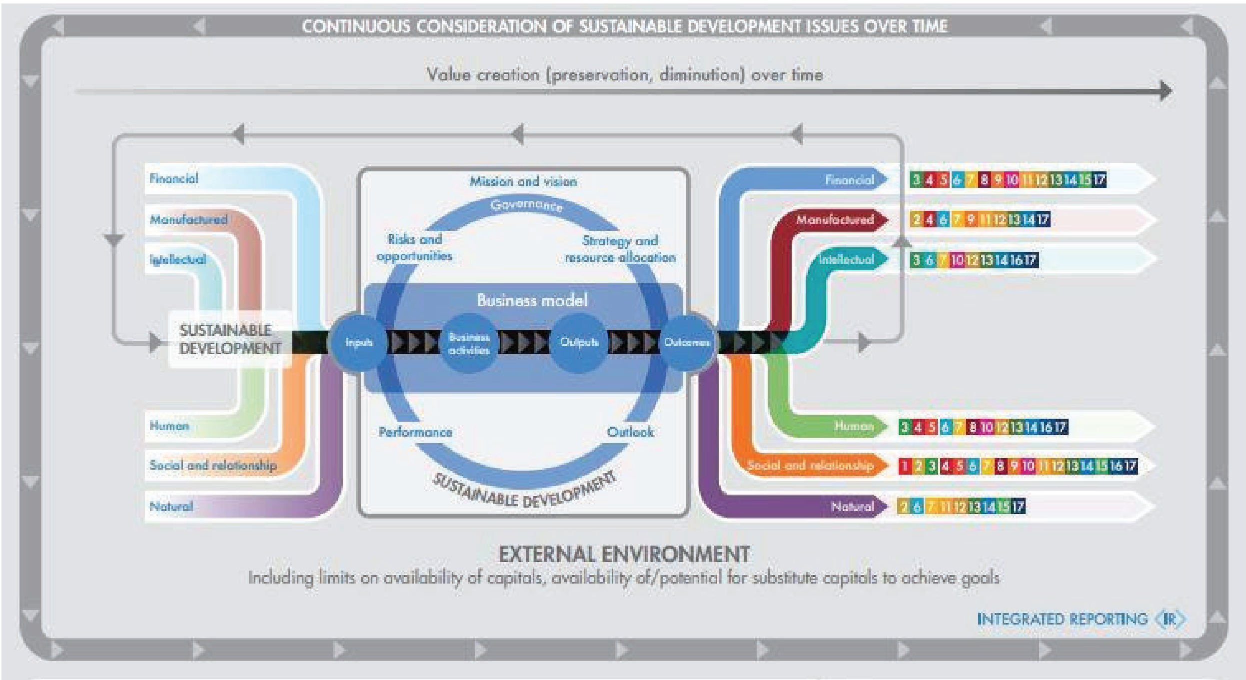
5.5 International Integrated Reporting Council (IIRC)

The International Integrated Reporting Council (IIRC) (formerly the International Integrated Reporting Committee) was established in August 2010 with the goal of developing an internationally recognized ESG framework for a process that results in an organization's communications regarding value creation throughout time.

Representatives from the business, investment, securities, accounting, regulatory, academic, and standard-setting sectors, as well as civil society, are all represented at the IIRC. A steering committee, a working group, and three task forces make up the organization.

The International Integrated Reporting Council (IIRC) has designated integrated reporting as "IR" as a corporate reporting concept in response to requests to enhance company performance reporting and present a more holistic view of a firm's business strategy for long-term value development.

The integrated report would combine key aspects of traditional financial reporting with information on environmental, social, and governance (ESG) into a single report that recognizes all the factors, resources, and relationships that affect a company's performance in the short and long term. Financial, technical, manufactured, human, social and interpersonal, and natural capitals are the six categories of "capital" used by the IIRC to encapsulate these variables.



Source: York, Jodi & Potter, Brad & Singh, Prakash. (2013). Corporate Social Investment through Integrated Reporting: Critical Issues.

5.6 Task Force on Climate-related Financial Disclosures Framework (TCFD)

5.6.1 Introduction:

The Task Force on Climate-related Financial Disclosures (TCFD) is a global initiative aimed at enhancing transparency regarding climate-related financial risks for companies and financial institutions. By providing recommended disclosures, the TCFD seeks to empower investors, shareholders, and the public with critical information necessary to assess climate-related risks effectively. This transparency is pivotal in fostering a transition towards a sustainable, low-carbon economy.

5.6.2 Establishment and Evolution:

Formed in 2015 by the Switzerland-based Financial Stability Board (FSB), the TCFD issued its seminal 'Final Report' in 2017, outlining 11 voluntary recommendations known as the TCFD framework. Over time, subsequent annual status reports have offered guidance on implementing these recommendations and tracking their global adoption. By November 2022, the TCFD had garnered support from over 4,000 organizations across 101 jurisdictions, representing a combined market capital value of USD 27 trillion. Notably, the number of companies disclosing TCFD-aligned information witnessed a substantial 26% increase between 2017 and 2021.

5.6.3 Growing Regulatory Recognition:

Initially voluntary, TCFD recommendations are increasingly being integrated into mandatory regulatory frameworks worldwide. Jurisdictions such as the European Union, Singapore, Canada, Japan, and South Africa have embraced TCFD-aligned disclosures. New Zealand and the United Kingdom have committed to mandating climate risk disclosures in line with the TCFD framework by 2023 and 2025, respectively. Furthermore, in March 2022, the U.S. Securities and Exchange Commission (SEC) proposed legislation on climate-related risk disclosures, echoing key aspects of the TCFD framework.

5.6.4 Categories of Climate-related Risks:

The TCFD framework categorizes climate-related risks into two primary categories:

1. **Physical Risks:** These risks stem from the tangible impacts of climate change, encompassing both acute events like hurricanes, flooding, wildfires, and droughts, as well as chronic shifts such as rising temperatures, sea levels, and heatwaves. Physical risks can exert sudden and substantial financial pressures by disrupting operations, supply chains, transportation, and jeopardizing employee and customer safety.

2. **Transitional Risks:** Transitional risks arise from the transition towards a low-carbon economy. They encompass evolving climate-related policies, regulations, and disclosure requirements concerning greenhouse gas emissions, net-zero carbon initiatives, carbon taxation, energy costs, and global energy policies. Transitional risks can exert direct financial impacts and influence an organization's reputation.

5.6.5 TCFD Recommendations:

The TCFD recommendations, although voluntary, serve as essential guidelines for businesses to identify and disclose climate-related risks, opportunities, and potential financial impacts. These recommendations are applicable across jurisdictions and industries, including banks, insurance firms, asset management firms, and other financial sector entities. Notably, organizations within the financial sector carry an additional responsibility to disclose both their own climate-related risks and those faced by the companies they engage with.

By adhering to the TCFD recommendations, organizations contribute to a more transparent and resilient financial landscape, better equipped to navigate the challenges and opportunities posed by climate change.

5.7 Constitution of International Sustainability Standards Board (ISSB) - IFRS Foundation

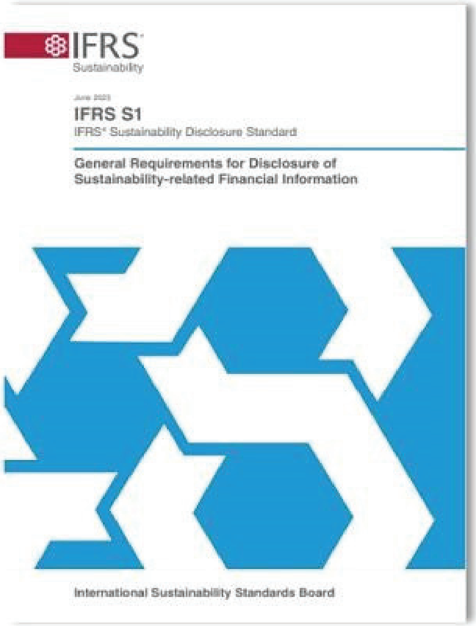
The International Sustainability Standards Board (ISSB) is an independent, private-sector body that develops and approves IFRS Sustainability Disclosure Standards (IFRS SDS). The ISSB operates under the oversight of the IFRS Foundation. The ISSB was formed in 2021 following two consultations on the demand for global sustainability standards and what role the Foundation might play in the development of such standards and on proposed amendments to the IFRS Foundation Constitution that would enable the creation of a new sustainability standards board under the governance of the Foundation.

Under the IFRS Foundation Constitution, the ISSB has complete responsibility for all sustainability-related technical matters of the IFRS Foundation including:

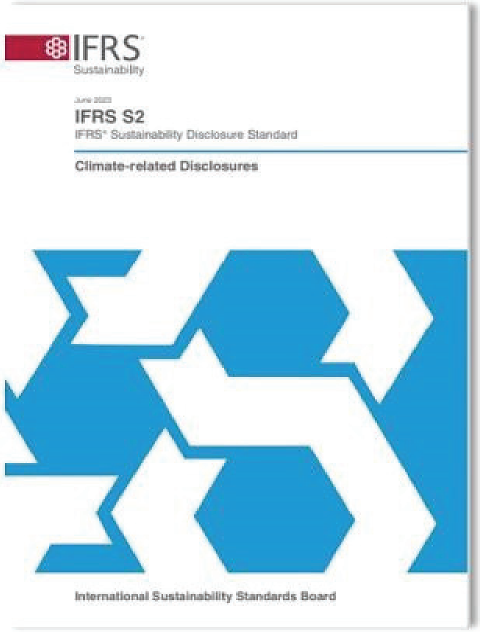
- full discretion in developing and pursuing its technical agenda, subject to certain consultation requirements with the Trustees and the public
- the preparation and issuing of SDSs and exposure drafts, following the due process stipulated in the Constitution.

The ISSB has published following two IFRS Sustainability Disclosure Standards in June 2023:

- IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information*
- IFRS S2 *Climate-related Disclosures*



- **IFRS S1**: General Requirements for Disclosure of Sustainability-related Financial Information; and



- **IFRS S2**: Climate-related Disclosures

5.7.1 IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information

IFRS S1 is effective for annual reporting periods beginning on or after 1 January 2024 with earlier application permitted.

The objective of IFRS S1 is to require an entity to disclose information about its sustainability-related risks and opportunities that is useful to users of general-purpose financial reports in making decisions relating to providing resources to the entity.

IFRS S1 requires an entity to disclose information about all sustainability-related risks and opportunities that could reasonably be expected to affect the entity's cash flows, its access to finance or cost of capital over the short, medium or long term (collectively referred to as 'sustainability-related risks and opportunities that could reasonably be expected to affect the entity's prospects').

IFRS S1 prescribes how an entity prepares and reports its sustainability-related financial disclosures. It sets out general requirements for the content and presentation of those disclosures so that the information disclosed is useful to users in making decisions relating to providing resources to the entity.

IFRS S1 sets out the requirements for disclosing information about an entity's sustainability-related risks and opportunities. In particular, an entity is required to provide disclosures about:

a. the governance processes, controls and procedures the entity uses to monitor, manage and oversee sustainability-related risks and opportunities;

b. the entity's strategy for managing sustainability-related risks and opportunities;

c. the processes the entity uses to identify, assess, prioritise and monitor sustainability-related risks and opportunities; and

d. the entity's performance in relation to sustainability-related risks and opportunities, including progress towards any targets the entity has set or is required to meet by law or regulation.

5.7.2 IFRS S2 Climate-related Disclosures

IFRS S2 is effective for annual reporting periods beginning on or after 1 January 2024 with earlier application permitted.

The objective of IFRS S2 is to require an entity to disclose information about its climate-related risks and opportunities that is useful to users of general-purpose financial reports in making decisions relating to providing resources to the entity.

IFRS S2 requires an entity to disclose information about climate-related risks and opportunities that could reasonably be expected to affect the entity's cash flows, its access to finance or cost of capital over the short, medium or long term (collectively referred to as 'climate-related risks and opportunities that could reasonably be expected to affect the entity's prospects').

IFRS S2 applies to:

a. climate-related risks to which the entity is exposed, which are:

   i. climate-related physical risks; and

   ii. climate-related transition risks; and

b. Climate-related opportunities available to the entity.

IFRS S2 sets out the requirements for disclosing information about an entity's climate-related risks and opportunities. In particular, IFRS S2 requires an entity to disclose information that enables users of general-purpose financial reports to understand:

a. the governance processes, controls and procedures the entity uses to monitor, manage and oversee climate-related risks and opportunities;

b. the entity's strategy for managing climate-related risks and opportunities;

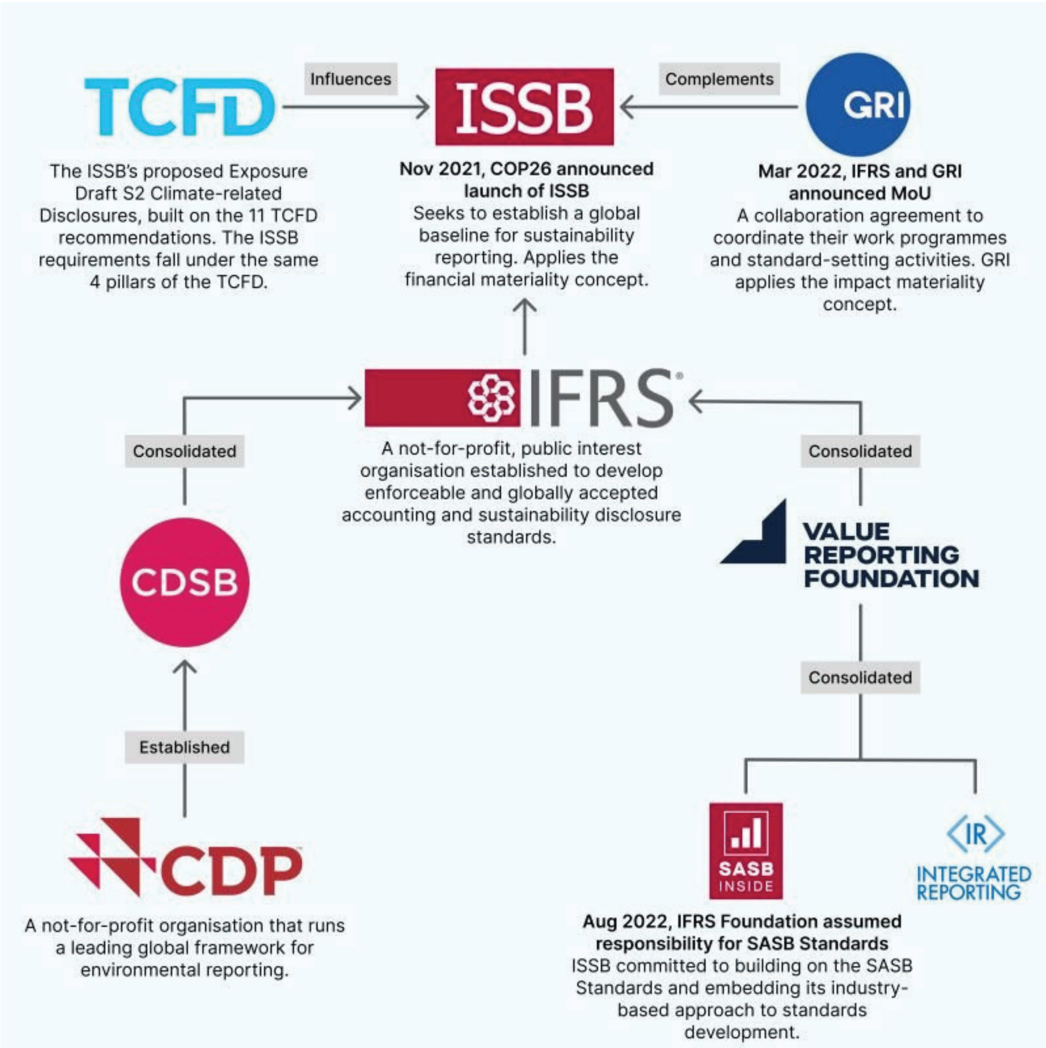
c. the processes the entity uses to identify, assess, prioritise and monitor climate-related risks and opportunities, including whether and how those processes are integrated into and inform the entity's overall risk management process; and

d. the entity's performance in relation to its climate-related risks and opportunities, including progress towards any climate-related targets it has set, and any targets it is required to meet by law or regulation.

The ISSB published the Proposed IFRS Sustainability Disclosure Taxonomy on 27 July 2023.

The Proposed IFRS Sustainability Disclosure Taxonomy is designed to facilitate users of general-purpose financial reports to consume sustainability-related financial information digitally, regulators to require the digital reporting of sustainability-related financial information, and preparers to implement digital reporting of sustainability-related financial information, enabling tagging without undue cost.

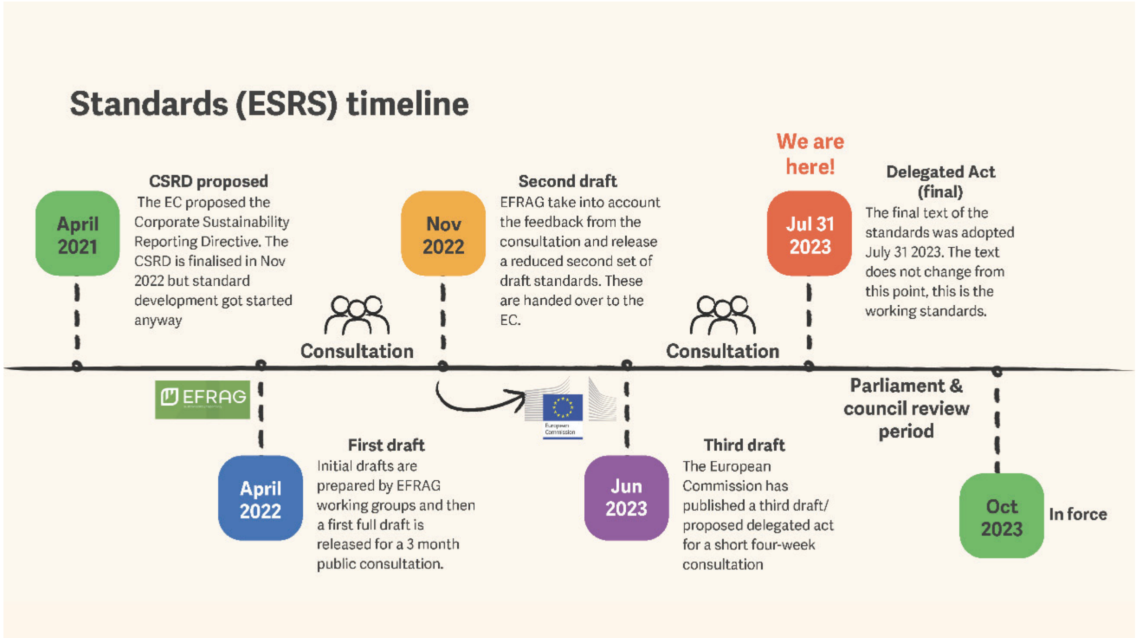
The ISSB standards came into being by virtue of integration of other International Sustainability reporting frameworks (Refer image below). The ISSB builds on the work of market-led investor-focused reporting initiatives, including the Climate Disclosure Standards Board (CDSB), the Task Force for Climate-related Financial Disclosures (TCFD), the Value Reporting Foundation's Integrated Reporting Framework and industry-based SASB Standards, as well as the World Economic Forum's Stakeholder Capitalism Metrics.



Source: https://www.ericaeller.com/esg-frameworks-and-standards

5.8 European Sustainability Reporting Standards (ESRS) by CSRD

The CSRD has an ambitious goal of requiring transparent, comparable and trusted sustainability reporting from over 49,000 EU-based companies as well as subsidiaries and global companies. To facilitate this, the European Financial Reporting Advisory Group (EFRAG) was tasked with creating the European Sustainability Reporting Standards (ESRS), which outline the reporting regulations companies must adhere to in order to meet CSRD requirements.

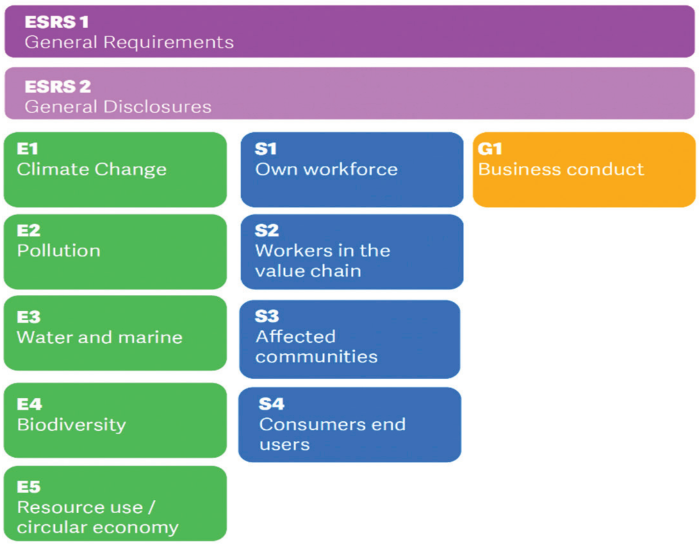


Source: https://www.workiva.com/blog/csrd-what-are-final-european-sustainability-reporting-standards-esrs

5.8.1 What Does it Cover?

The ESRS are a set of 12 standards covering a range of environmental, social, and governance topics. Although the standards cover a wide range of topics, there is a reduction in the required volume of data points and a shift in perspective on mandatory disclosures. Moreover, the ESRS demonstrates strong alignment with other reporting mandates like the Sustainable Finance Disclosure Regulation (SFDR), the International Sustainability Standards Board (ISSB), and the Task Force on Climate-Related Financial Disclosures (TCFD) standards.

Out of 12, the so-called first set of ESRS contains two cross-cutting standards and 10 topical standards (each focusing on environmental, social, and governance topics).



Source: https://www.workiva.com/blog/csrd-what-are-final-european-sustainability-reporting-standards-esrs

5.8.2 Key Features Across the ESRS Topics

a. **Value Chain Impact-** Typically, the value chain is primarily associated with scope 3 GHG emissions. However, the ESRS also encompasses considerations for risks, opportunities, and impacts. For instance, it incorporates disclosures on aspects such as workers within the value chain, pollution, and water management.

b. **The Principle of Double-Materiality-** Instead of following mandatory disclosures (except for general disclosures), companies will use the concept of double materiality to determine set of topics on which the information needs to be reported.

c. **The Phasing of Certain Disclosures**- Phasing provides companies with additional time to integrate more complex reporting areas like the value chain. This approach also necessitates the management of sustainability initiatives from their current state to future developments over an extended period. Specifically:

- Companies with fewer than 750 employees may exclude data on scope 3 GHG emissions and the disclosure requirements outlined in the "own workforce" standard in the initial year.

- Several additional standards—such as biodiversity, value-chain workers, affected communities, and consumers and end-users—can be omitted in the first two years. Moreover, all companies can refrain from disclosing anticipated financial effects in the first year, and for the initial three years, they only need to provide qualitative disclosures.

d. **The Need for Interoperability between Standards-** Interoperability has been a firm focus throughout the development of the ESRS. The finalized ESRS drafts exhibit robust alignment with ISSB S1 and S2, encompassing financial materiality as well as stipulating requirements for signaling disclosures related to downstream regulations.

Source- https://www.efrag.org/lab6

5.9 U.S. Securities and Exchange Commission Disclosures (Proposed)

The US SEC has proposed certain climate related disclosures for public companies; these are yet to be finalized. The US SEC proposal is detailed below:

Climate-Related Disclosures

Investors have been seeking more information related to climate risks that affect the public companies they own.

Hundreds of companies today already are making some climate-risk disclosures, although mostly outside of their public filings, and investors managing tens of trillions of dollars in assets are making investment decisions relying on those disclosures.

The SEC has been working to ensure that investors receive the complete, consistent, and comparable climate-related information they need in public filings to make their investment decisions.

Rulemaking

The Commission has proposed rule changes that would require companies to include certain climate-related disclosures in their registration statements and periodic reports.

Such information would include climate-related risks that are reasonably likely to have a material impact on their businesses, results of operations, or financial conditions as well as certain climate-related financial statement metrics in a note to their audited financial statements.

For further details, refer weblink below:

https://www.sec.gov/files/33-11042-fact-sheet.pdf

5.10 Carbon Disclosure Project (CDP)

The **Carbon Disclosure Project (CDP)** is a not-for-profit charity that runs the global disclosure system for investors, companies, cities, states and regions to manage their environmental impacts. The world's economy looks to CDP as the gold standard of environmental reporting with the richest and most comprehensive dataset on corporate and city action. Its vision and mission are to thrive the economy that works for people and planet in the long term.

CDP focuses on investors, companies, cities and governments on building a sustainable economy by measuring and acting on their environmental impact.

CDP was established as the 'Carbon Disclosure Project' in 2000, asking companies to disclose their climate impact. Since then, CDP has broadened the scope of environmental disclosure, to incorporate deforestation and water security, while also building our reach to support cities, states and regions.

In 2021, we launched a new strategy that expanded our horizons further still to cover all planetary boundaries. Our ambition continues to grow, expanding to new areas such as biodiversity, plastics and oceans, and recognising the interconnectedness of nature and earth's systems.

5.11 Dow Jones Sustainability Index (DJSI)

The Dow Jones Sustainability Index (DJSI) is a worldwide index that was launched in 1999 and is widely considered one of the world's leading sustainability indexes. The DJSI World Index measures a company's long-term viability based on environmental, social, and economic factors (ESG frameworks), as well as forward-looking indicators.

The DJSI is based on an analysis of corporate economic, environmental and social performance, assessing issues such as corporate governance, risk management, branding, climate change mitigation, supply chain standards and labor practices.

The DJSI was created by S&P Dow Jones Indices and SAM to identify the best sustainable firms across 61 categories, combining the knowledge of a recognized index provider with the experience of a specialist in Sustainable Investing.

The indices serve as a benchmark for investors that include sustainability concerns in their portfolios, as well as a platform for investors who want to push firms to improve their corporate sustainability policies.

Based on the firms' Total Sustainability Scores from the yearly S&P Global Corporate Sustainability Assessment, the DJSI World uses a fair, rules-based component selection procedure. For inclusion in the Dow Jones Sustainability Index family, only the top-ranked firms in each industry are chosen. This technique does not exclude any industries.

MODULE SIX: MATERIALITY ASSESSMENT

Module 6 takes participants on a critical journey into the heart of materiality, the cornerstone of impactful and relevant ESG reporting. The concept is unpacked, essential methodologies are explored, and strategies for integrating it into business strategies for sustainable success are discovered.

Key Elements:

- **Unlocking Materiality:** Demystifying the concept of materiality in the context of ESG, understanding its role in identifying the issues that matter most to stakeholders and your business.
- **Charting the Path:** Delving into the process and methodologies of conducting an effective ESG materiality assessment, encompassing stakeholder engagement, data analysis, and prioritization techniques.
- **Putting It Together:** Learning how to map and present the results of your materiality assessment in a clear and concise manner, making it accessible and actionable for stakeholders.
- **Strategic Integration:** Navigating the path towards seamlessly integrating materiality findings into your business strategy, ensuring your goals and actions align with what truly matters.
- **Beyond the Horizon:** Exploring the limitations of materiality assessments and acknowledging the need for continuous improvement and adaptability in response to evolving stakeholder needs and environmental landscapes.
- **A Glance into the Future:** Unveiling emerging trends in materiality assessment, including technological advancements, data-driven approaches, and dynamic considerations beyond traditional frameworks.

Module 6 aims to equip you with:

- A comprehensive understanding of the concept and importance of materiality in ESG reporting.
- The skills to conduct a robust and informative ESG materiality assessment.
- The ability to effectively communicate your materiality findings to stakeholders.
- Strategies for integrating materiality insights into your business strategy for long-term value creation.
- Awareness of the limitations and evolving landscape of materiality assessments.

By mastering the essence of materiality, Module 6 empowers participants to make informed decisions, prioritize effectively, and ensure their ESG reporting truly resonates with stakeholders and contributes to a sustainable future.

6.1 What Is Materiality in the ESG Context

Introduction

Materiality differs in the ESG context from traditional financial reporting understanding. ESG materiality encompasses broader risks and opportunities related to environmental stewardship, social impact, and strong governance. This section will delve into differentiating material ESG issues and how they align with or differ from financial materiality.

Financial vs. ESG Materiality

In financial reporting, materiality refers to the threshold above which missing or incorrect information could influence the decision-making process of users of financial statements. However, in the ESG realm, materiality adopts a broader perspective, transcending the sphere of financial impacts to embrace environmental, social, and governance aspects that could significantly affect a company's performance, reputation, and long-term sustainability.

Defining ESG Materiality

The Global Reporting Initiative (GRI) defines materiality as topics that represent the organization's most significant impacts on the economy, environment, and people, including impacts on their human rights. These material ESG issues can significantly affect a company's stakeholders, including employees, investors, customers, local communities, and the environment itself. The identification and assessment of such material ESG issues are increasingly becoming an integral part of corporate strategy and risk management.

Importance of ESG Materiality

Stakeholders, especially investors, are more aware than ever of ESG risks and demand transparency and accountability in how businesses manage these factors. ESG materiality provides a comprehensive, multi-dimensional analysis of a company's impacts, risks, and opportunities. It involves not just the potential impact on the company's financial condition but also the broader socio-environmental implications of the company's activities.

Examples of Material ESG Issues

For instance, a business might assess the materiality of issues like greenhouse gas emissions, employee safety protocols, community engagement, or data security.

Significance of ESG Materiality

ESG materiality is at the core of the sustainability agenda of a company as it defines the parameters against which a company will not only report its progress but also be evaluated by the world. Therefore, understanding materiality in the ESG context is pivotal in steering businesses towards practices that ensure not only their own sustainability but also that of the planet and its inhabitants.

6.2 The Process and Methodologies of ESG Materiality Assessment

There are different ways to approach the process of creating a materiality matrix, and some standards, such as the European Sustainability Reporting Standards (ESRS), also provide recommendations or guidelines for it. In general, however, the process can be divided into the following six simple steps.

Source: https://envoria.com/insights-news/6-steps-to-your-esg-materiality-assessment

a. *Define purpose and scope*

First, determine the objectives of the materiality assessment by clarifying what materiality means to your business and considering the key audience of the assessment.

Then, define the organizational boundaries of material topics. Organizational boundaries determine which regions (e.g., countries, markets, etc.), entities (e.g., business units, subsidiaries, partnerships, etc.), and assets (e.g., facilities, vehicles, etc.) are included in the materiality assessment. This is of particular importance for large corporations with multiple subsidiaries, joint ventures, and associated companies.

b. *Specify potential material topics*

To create a list of potential material topics, analyze different sources, e.g., media reporting, internal data, external peer review, ratings and rankings, general ESG trends, etc.

Material topics can include all environmental, social, and governance areas. These may include, for example:

- Environmental: GHG emissions, waste management, biodiversity conservation, etc.
- Social: Human rights, business ethics, occupational health and safety, etc.

- Governance: Bribery and corruption, data privacy and security, corporate resilience, etc.

It is also advisable to involve business units outside the sustainability team, such as risk management or senior management. This provides a broader perspective and deeper understanding of trends affecting the business.

Then, aggregate similar material topics in order to cluster them into a smaller amount of higher-level categories. This allows the list of potential material topics to be more concise and limited to a few major categories.

c. Identify stakeholders

Find out which external and internal stakeholders you should engage with to obtain the most insightful input. Stakeholders' insights may reveal priorities that business leaders could possibly not be aware of.

Focus on those stakeholders whose impact is highest while taking into account both the impact stakeholders have on your business and the impact your business has on them.

d. Collect and analyze insights

Consult the relevant stakeholders and interest groups for each topic and rank the topics according to their importance to them.

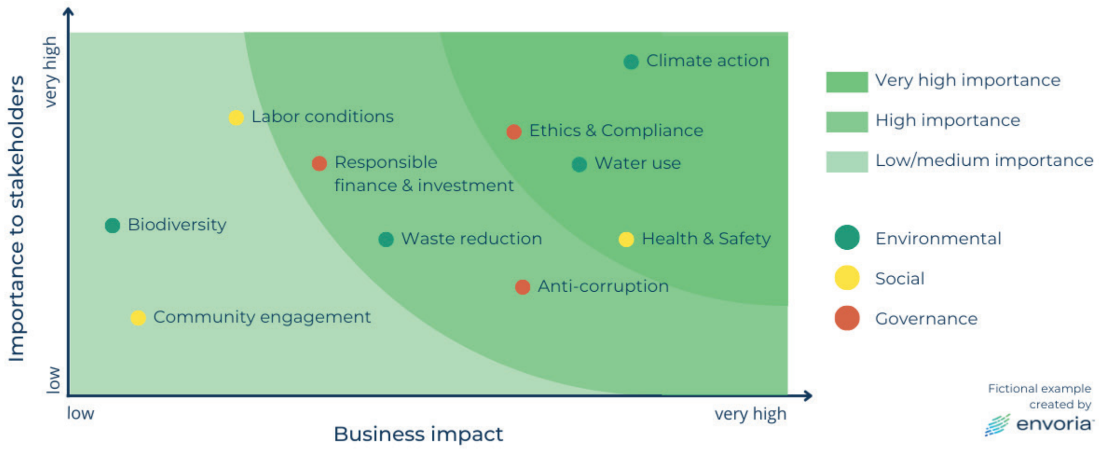
Then, analyze each topic's significance to the company and assess the actual and potential ESG impacts of each topic to understand the implications of the issue. Think about how important each topic is to the company in terms of implementing your company's strategy, managing present and potential future risks, pursuing market opportunities, and developing new products. Use the same thresholds as corporate risk management does when determining materiality and base your determination on the impact on the company's ability to create value.

e. Prioritize material topics

ESG issues should be ranked and prioritized in order to make your report concise and meaningful. Prioritize material topics based on the strategic importance to the business and stakeholders and the ESG impact of each topic.

For that, define thresholds or cut-off points for determining which topics will be considered material. Make sure every material topic is linked to a relevant business function.

Business assessment and stakeholder assessment can be merged into a materiality matrix. The x-axis shows the priorities of the company and the y-axis the priorities of the stakeholders. Issues in the upper right corner of the matrix are the most relevant ones for both the company and your stakeholders — and thus should be at the top of your list of material ESG issues.



Source: https://envoria.com/insights-news/6-steps-to-your-esg-materiality-assessment

f. Integrate insights into ESG strategy

The insights about material ESG topics help to build an organization's sustainability strategy and shape it for the future. Therefore, the results of the materiality assessment should be presented and explained in detail to the board of directors. Derive recommendations for ESG actions that the board can implement.

Additionally, constant communication with stakeholders regarding the strategy's objectives and progress is essential to its successful implementation. Make sure you stay in touch with your identified stakeholders to get feedback and suggestions for improvement on your material ESG topics.

6.3 Mapping and Presenting a Materiality Assessment

Introduction

Materiality mapping serves as a valuable visualization tool for prioritizing ESG (Environmental, Social, and Governance) issues. This section will outline the theoretical foundation of materiality mapping and guide companies on how to create their own materiality maps.

Importance of Materiality Mapping

Materiality mapping is crucial in the ESG materiality assessment process. It offers a visual representation of ESG issues, enhancing understanding of their relevance and significance to both the organization and its stakeholders.

The Mapping Process

The process involves placing ESG issues on a two-dimensional grid, with one axis representing stakeholder importance and the other potential impact on the company. This allows companies to identify and prioritize issues that are of high concern to both stakeholders and the business.

Steps to Create a Materiality Map

a. **Identify ESG Issues:** Begin by compiling a comprehensive list of potential ESG issues relevant to the company, drawing from sources such as SASB, GRI, industry benchmarks, and internal insights.

b. **Stakeholder Engagement:** Engage with a diverse range of stakeholders to understand their perspectives on the identified ESG issues. This can be done through surveys, interviews, focus groups, or public consultations.

c. **Assess Impact on the Company:** Determine the potential impact of each ESG issue on the company's operations, financial performance, reputation, and strategy. This may involve cross-functional discussions and engaging with subject matter experts.

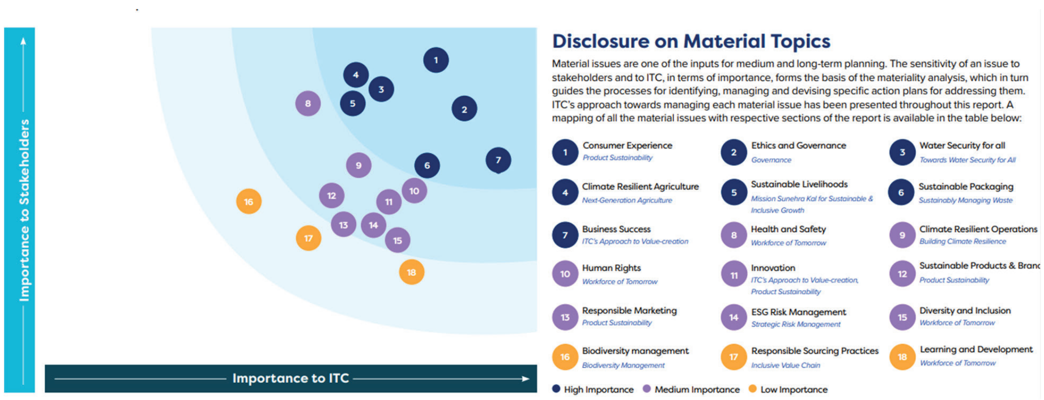
d. **Plot on the Map:** Using gathered insights, plot each ESG issue on the map to visually represent its significance to stakeholders and potential impact on the company.

e. **Prioritize and Address Issues:** Focus on addressing issues that rank high on both axes, as they are deemed most material. Develop strategies to manage these issues and integrate them into the overall business strategy.

f. **Review and Update Regularly:** Materiality mapping is an iterative process. Regularly review and update the map to reflect changes in stakeholder expectations, industry standards, and the company's operations.

Materiality mapping enables companies to effectively prioritize ESG issues, aligning their efforts with stakeholder expectations and enhancing overall sustainability performance.

Let's look at an example:



Source : https://www.itcportal.com/sustainability/sustainability-integrated-report-2022/ITC-Sustainability-Integrated-Report-2022.pdf

6.4 Integration of Materiality into Business Strategy

A materiality assessment is not merely an exercise in identifying and prioritizing ESG issues; it should serve as a foundation for developing an effective sustainability strategy and integrating sustainability into the core business operations. Below are key benefits businesses can derive through conducting thorough materiality assessments:

a. ***Strategic Alignment:*** Materiality assessments provide valuable insights into the ESG issues that are most relevant to a company and its stakeholders. By aligning sustainability goals and objectives with the identified material issues, companies can ensure that their sustainability efforts are directly linked to their core business strategy. This alignment not only helps in integrating sustainability into decision-making processes but also helps companies to optimize efforts and resources in a single direction.

b. ***Risk Management:*** Materiality assessments highlight the ESG risks that could significantly impact a company's performance and reputation. By proactively addressing these risks, companies can enhance their resilience and mitigate potential negative impacts. This involves developing risk mitigation strategies, implementing robust governance mechanisms, and monitoring and reporting on progress.

c. ***Innovation and Opportunity Identification:*** Materiality assessments can uncover new opportunities for innovation and value creation. By identifying emerging ESG issues, companies can proactively develop innovative products, services, and business models that address these challenges. This can lead to enhanced competitiveness, market differentiation, and the capture of new market segments.

d. ***Stakeholder Engagement and Collaboration:*** Materiality assessments provide insights into the issues that matter most to stakeholders. Companies can use this information to engage with relevant stakeholders, build collaborative relationships, and co-create sustainable solutions. By actively involving stakeholders in decision-making processes, companies can enhance trust, legitimacy, and social license to operate.

e. ***Performance Tracking and Reporting:*** Materiality assessments serve as a basis for defining key performance indicators (KPIs) and tracking progress over time. By regularly monitoring and reporting on the identified material issues, companies can demonstrate their commitment to sustainability, enhance transparency, and be accountable to stakeholders.

f. ***Embedding Sustainability into Business Processes:*** Materiality assessments should inform the integration of sustainability considerations into existing business processes. This involves incorporating ESG factors into procurement practices, supply chain management, product design, employee performance metrics, and other operational areas. By embedding sustainability into core business processes, companies can ensure that sustainability becomes ingrained in the organizational culture and day-to-day decision-making.

g. ***Continuous Improvement:*** Materiality assessments should be seen as an iterative and dynamic process. Companies should regularly revisit and update their materiality matrices to reflect evolving stakeholder expectations, emerging sustainability risks, and changing business contexts. This continuous improvement approach ensures that the company remains responsive to the changing sustainability landscape and maintains its strategic relevance.

h. ***Leadership and Commitment:*** Successful integration of materiality assessments into business strategy requires strong leadership commitment. The commitment should be demonstrated through clear communication of sustainability goals, allocation of resources, and active participation in decision-making processes. Leaders should champion the importance of sustainability and create a culture that embraces sustainability as a strategic imperative.

6.5 Double Materiality

Introduction

Double materiality acknowledges the interconnected relationship between a company and its external environment concerning sustainability impacts and risks. While traditional materiality assessments focus on internal perspectives, this concept broadens the scope to include external impacts.

Origin and Definition

The concept of double materiality was first introduced by the European Commission in the Guidelines on Non-financial Reporting: Supplement on Reporting Climate-related Information in June 2019. It emphasizes two key considerations:

a. How sustainability issues affect the company's growth, performance, position, and value.

b. The environmental and social impact of the company's actions on various stakeholders.

Growing Importance

Double materiality is gaining prominence in sustainability reporting frameworks such as the Global Reporting Initiative (GRI) 2021 standards and the EU's latest Corporate Sustainability Reporting Directive (CSRD). This indicates a shift towards prioritizing material topics based on both financial and impact perspectives.

Financial Materiality vs. Impact Materiality

a. **Financial Materiality:** This prioritizes sustainability topics based on their influence or potential to influence future cash flows and enterprise value. It considers how issues affect the company's financial performance and position.

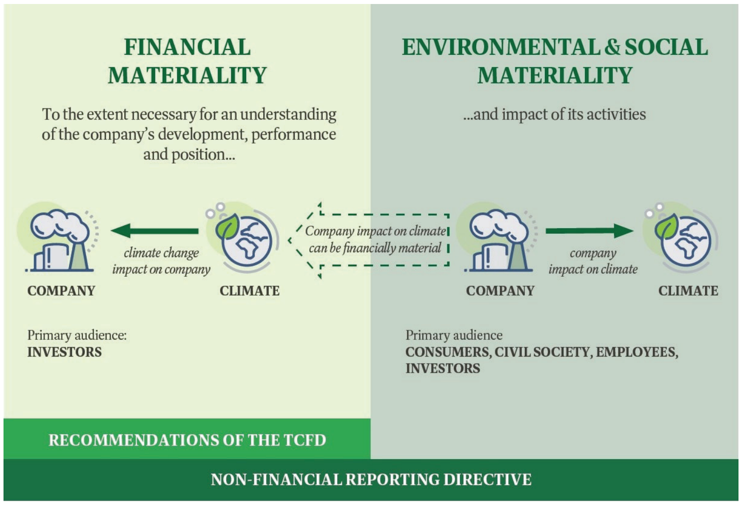
b. **Impact Materiality:** This prioritizes sustainability topics based on their direct or indirect impact on people and the environment. It considers the broader societal and environmental implications of the company's actions throughout its value chain.

Implementation and Reporting Standards

a. The European Financial Reporting Advisory Group (EFRAG) published working papers on reporting standards covering double materiality in 2022.

b. Companies are encouraged to integrate double materiality considerations into their reporting frameworks to provide a comprehensive view of their sustainability impacts and risks.

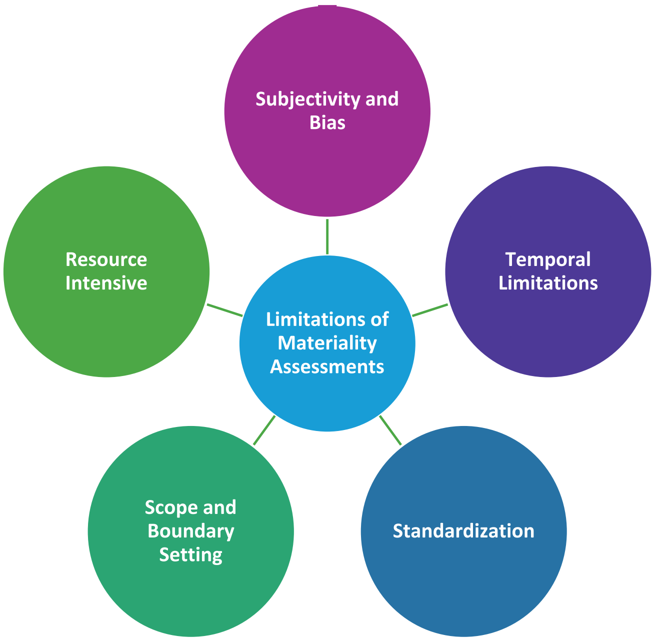
Double materiality offers a holistic approach to sustainability reporting by considering both internal financial factors and external societal and environmental impacts. By prioritizing material topics from both perspectives, companies can better address stakeholder expectations and contribute to sustainable development.



Source: https://www2.deloitte.com/cn/en/pages/hot-topics/topics/climate-and-sustainability/dcca/thought-leadership/the-challenge-of-double-materiality.html

6.6 Limitations

While materiality assessments can provide crucial insights, they are not without limitations. This section will discuss potential challenges, including the subjectivity of certain ESG factors, difficulties in measurement, and the dynamic nature of materiality.



ESG materiality assessments offer valuable insights into the environmental, social, and governance issues pertinent to a business and its stakeholders. However, they also have several inherent limitations:

a. ***Subjectivity and Bias:*** Materiality assessments often rely on stakeholder feedback and perspectives, which can be influenced by personal biases, current trends, or media influence. This can lead to skewed prioritization of issues. Moreover, businesses may consciously or unconsciously bias the assessment towards issues that align with their current strategies, thereby neglecting other crucial ESG aspects.

b. ***Temporal Limitations:*** Materiality assessments provide a snapshot in time and might fail to capture long-term or future oriented ESG risks and opportunities. As societal expectations and environmental realities evolve rapidly, an issue considered non-material today may highly become material in the future.

c. ***Standardization:*** There is a lack of global standardized guidelines or regulations on ESG materiality assessments, leading to inconsistent methods, indicators, and reporting practices. This can make it challenging to compare ESG performance across companies and industries.

d. ***Scope and Boundary Setting:*** Defining the scope and boundaries of the materiality assessment can be complex. The impacts of a company's operations can extend far beyond its immediate business activities, encompassing upstream supply chains and downstream product use. Fully capturing these indirect impacts can be difficult yet ignoring them can result in only a partial representation of a company's true impacts.

e. ***Resource Intensive:*** Conducting thorough ESG materiality assessments can be time-consuming and resource intensive. This might deter, especially smaller companies, from regularly updating their assessments or from conducting them in the first place.

Recognizing these limitations is key to understanding the nuances of ESG materiality assessments and improving their effectiveness. This awareness can lead to better strategies, such as increasing objectivity in the assessment process, investing in data quality improvement, expanding the temporal scope to consider future trends, advocating for standardized guidelines, taking a broader perspective on impacts, and allocating appropriate resources for these assessments. Even with these limitations, ESG materiality assessments remain a vital tool for businesses aiming to navigate the complexity of sustainable development and corporate responsibility.

6.6 Future Trends

The field of ESG materiality assessment is evolving rapidly, influenced by the changing global landscape, growing stakeholder expectations, and advances in technology. Here are several trends that are expected to shape the future of ESG materiality assessment:

a. ***Greater Regulation and Standardization:*** As ESG becomes an increasingly important consideration for businesses, investors, and stakeholders, calls for more comprehensive and consistent reporting standards are growing. We can expect more formal regulations and frameworks to emerge, pushing for standardization in how companies conduct and report ESG materiality assessments. These might be industry-specific or apply across the board and are likely to become integral to corporate governance.

b. ***Increased Transparency:*** Stakeholders are demanding more transparency in how companies assess and manage their ESG risks and opportunities. As a result, there will be a stronger emphasis on detailed, transparent, and verifiable ESG reporting. This will include not only the outcomes of materiality assessments but also the methodologies and data sources used.

c. ***Use of Advanced Technologies:*** As data analysis and artificial intelligence technologies advance, their application in ESG materiality assessment will become more prevalent. AI can help process large amounts of data to identify and predict material ESG issues, while blockchain technology can improve transparency and traceability in areas like supply chains.

d. ***Emphasis on Social and Governance Factors:*** While environmental issues have been at the forefront of ESG discussions, social and governance factors are gaining prominence. Issues like diversity and inclusion, employee well-being, data privacy, and corporate ethics are increasingly recognized as material issues that can significantly impact a company's performance and reputation.

e. ***Integration of ESG into Core Strategy:*** Instead of being a separate aspect of business operations, ESG considerations will increasingly be integrated into companies' core strategies. This reflects the growing recognition that managing ESG issues is not just about risk mitigation but also about seizing opportunities for innovation and sustainable growth.

f. ***Forward-Looking Assessments:*** Traditional ESG assessments have often focused on current and past performance. However, given the rapidly changing business environment, there's a growing need for assessments to be more forward-looking. Companies will need to consider future trends, scenarios, and risks when identifying their material ESG issues.

g. ***Holistic Approach:*** Companies will increasingly take a holistic approach to ESG materiality, recognizing the interconnectedness of ESG issues. For example, climate change is not just an environmental issue but also a social issue affecting human health and livelihoods, and a governance issue related to corporate responsibility and risk management.

These trends indicate the growing sophistication and importance of ESG materiality assessments in corporate sustainability. As companies navigate this evolving landscape, they will need to stay agile, continuously update their understanding of material issues, and adapt their strategies accordingly.

MODULE SEVEN: ASSURANCE ASPECTS IN INDIAN CONTEXT

Module 7 covers crucial aspects of assurance, which will help in understanding the concept of assurance in context of sustainability reporting.

Key Elements:

- **Unveiling Assurance:** The concept of assurance in the context of BRSR reporting, understanding its value in enhancing the credibility and reliability of your disclosures.
- **Assurance for BRSR Core:** Exploring the specific framework and requirements for assuring BRSR reports, ensuring alignment with relevant standards and regulations.
- **Navigating Assurance Options:** Deciphering the different types of assurance available, including limited and reasonable assurance, and understanding their respective scope and implications.
- S**tandards:** Understanding assurance standards, providing a solid foundation for conducting credible and accurate assurance engagements.

7.1 Assurance in the context of Sustainability Reporting?

Assurance

Assurance is the process of providing a conclusion/opinion on the reliability of information disclosed or the context of information presented based on an independent testing carried out by a third party. In other words, assurance is an evaluation method that uses a specified set of principles and standards to assess the quality of an organisation's subject matter and the underlying systems, processes and competencies that underpin its performance.

Need for Assurance

Companies obtain assurance on their sustainability data to help ensure that the data they report meets certain standards and there is credibility of data presented by the company. Assurance helps to enhance the confidence of the stakeholders in the accuracy and reliability of the reported information and provides the intended users with useful data for decision making. Further, assurance helps in:

- Increased recognition, trust, and credibility
- Improved stakeholder communication
- Improves Accountability
- Enhanced Quality of Disclosures – Accuracy, Clarity, Completeness, Comparability, Reliability, Materiality, etc.
- Improved Decision making by Stakeholders – Customers, Investors and Analysts, ESG/Sustainability themed indices (For example - Dow Jones Sustainability Index, proposed BRSR Index), Governments.

- Improved Performance - Better inputs for management decision-making, opportunities to align with best practices, "Pressure to perform".
- Improved internal monitoring, control and reporting systems.

An organization that carries out an assurance process on its sustainability information/ report by an independent agency or professional demonstrates greater commitment to sustainability.

7.2 Voluntary and Mandatory "Assurance" in Indian context?

Sustainability reporting Assurance being undertaken by companies in India may be of two types - voluntary assurance or mandatory assurance.

Voluntary Assurance

Voluntary assurance on a set of sustainability data is generally obtained by the management driven by expectations from the Board of directors, investors, other stakeholders.

Mandatory Assurance

Mandatory Assurance on BRSR in India is required on account of the SEBI Circular SEBI/HO/CFD/CFD-SEC-2/P/CIR/2023/122 dated July 12, 2023,. The link to the circular is placed in https://ca2013.com/wp-content/uploads/2023/07/SEBI-Circular_12.07.2023.pdf and the summary of requirements are as under :

- **Reasonable assurance** on BRSR Core is mandated as per glide path for top 150 companies for FY 23-24, top 250 for FY 24-25, top 500 for FY 25-26 and top 1000 by FY 26-27. In order to facilitate the verification process for assurance, the BRSR Core specifies the data and approach for reporting and assurance. A list of indicators to be covered under BRSR Core assurance have been provided in **Annexure I** to SEBI's circular SEBI/HO/CFD/CFD-SEC-2/P/CIR/2023/122 dated July 12, 2023.
- Listed entities shall also report the KPIs in the BRSR Core for their value chain to the extent it is attributable to their business with that value chain partner. The reporting is applicable for the top 250 listed companies on a comply or explain basis from FY 24-25 and limited assurance on the same is applicable on comply or explain basis from FY 25-26.

7.3 Applicable Standards for Sustainability assurance

The assurance standards that may be used by assurance providers in India are as follows:

Local Standards in India (issued by the Institute of Chartered Accountants of India):

1. **Standard on Sustainability Assurance Engagements (SSAE) 3000** – Assurance Engagements on Sustainability Information – https://resource.cdn.icai.org/72628aasb58538.pdf

2. **Standard on Assurance Engagements (SAE) 3410** - Assurance Engagements on Greenhouse Gas Statements - https://resource.cdn.icai.org/62857srsb50843.pdf

International Standards:

1. **ISAE 3000 (Revised)** – Assurance Engagements Other than Audits or Reviews of Historical Financial Information

   https://www.ifac.org/_flysystem/azure-private/publications/files/ISAE%203000%20Revised%20-%20for%20IAASB.pdf

2. **ISAE 3410** – Assurance Engagements on Greenhouse Gas Statements

   https://www.iaasb.org/publications/glance-international-standard-assurance-engagements-isae-3410-assurance-engagements-greenhouse-gas

Further, SSAE 3000/ISAE 3000 are umbrella standards that may be used for all assurance engagements on sustainability information. Generally, ISAE 3000 is applied for audits of internal control, sustainability and compliance with laws and regulations.

In case there is subject matter information to which a specific assurance standard applies (e.g. GHG emissions), SSAE 3000/ISAE 3000 will apply in addition to the subject matter specific standard (e.g. SAE 3410/ISAE 3410).

Standard by IAASB

Besides the above standards, IAASB is in the process of issuing a new global standard specific to Sustainability assurance called the "International Standard on Sustainability Assurance (ISSA) 5000 - General Requirements for Sustainability Assurance Engagements". The ISSA 5000 is a principle based standard and currently in exposure draft stage. Once finalized, ISSA 5000 will serve as a comprehensive, stand-alone standard suitable for limited and reasonable sustainability assurance engagements. It will apply to sustainability information reported across any sustainability topic and prepared under multiple frameworks.

https://ifacweb.blob.core.windows.net/publicfiles/2023-08/IAASB-International-Standard-Sustainability-5000-Exposure-Draft_0.pdf

Some of the key features of ISSA 5000 are as follows:

- This International Standard on Sustainability Assurance (ISSA) deals with assurance engagements on sustainability information.
- This ISSA deals with both reasonable and limited assurance engagements. Unless otherwise stated, each requirement of this ISSA applies to both reasonable and limited assurance engagements. Because the level of assurance obtained in a limited assurance engagement is lower than in a reasonable assurance engagement, the procedures the practitioner will perform in a limited assurance engagement will vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement.

- This ISSA is an overarching standard that includes requirements and application material for all elements of a sustainability assurance engagement. Accordingly, the practitioner is not required to apply for ISAE 3000 (Revised) when performing the engagement.
- This is designed to be applicable to both professional accountants and non-professional accountant assurance practitioners, provided that they can satisfy the requirements addressing compliance with expected relevant ethical requirements and systems of quality management.

7.4 Types of Assurance

Two different levels of assurance could be provided by assurance providers for aspects or elements of the sustainability information, underlying systems or processes as explained below:

As per SSAE 3000, the concepts of reasonable and limited assurance are discussed as under:

Reasonable Assurance

An assurance engagement in which the practitioner reduces engagement risk to an acceptably low level in the circumstances of the engagement as the basis for the practitioner's conclusion. The practitioner's conclusion is expressed in a form that conveys the practitioner's opinion on the outcome of the measurement or evaluation of the underlying subject matter against criteria.

Limited Assurance

An assurance engagement in which the practitioner reduces engagement risk to a level that is acceptable in the circumstances of the engagement but where that risk is greater than for a reasonable assurance engagement as the basis for expressing a conclusion in a form that conveys whether, based on the procedures performed and evidence obtained, a matter(s) has come to the practitioner's attention to cause the practitioner to believe the subject matter information is materially misstated. The nature, timing, and extent of procedures performed in a limited assurance engagement is limited compared with that necessary in a reasonable assurance engagement but is planned to obtain a level of assurance that is, in the practitioner's professional judgment, meaningful. To be meaningful, the level of assurance obtained by the practitioner is likely to enhance the intended users' confidence about the subject matter information to a degree that is clearly more than inconsequential.

Some of the differences between Reasonable and Limited assurance are given below:

Description	Reasonable Assurance	Limited Assurance
Nature of conclusion/ opinion	When we give a reasonable assurance opinion, we report in the form of positive assurance, stating "in our opinion, the subject matter conforms in all material respects with identified suitable criteria."	When we give limited assurance, we report in the form of negative assurance that "nothing has come to our attention…" to cause us to believe the subject matter information is materially misstated.
	A reasonable assurance engagement requires a more detailed understanding of the underlying processes and controls. We perform substantive testing, often sampling individual transactions to source data, of a sufficient size to get the confidence we need to form a reasonableness assurance opinion. This leads to a deeper interrogation of systems and processes and greater evidence gathering than a limited assurance engagement.	Procedures vary in nature and timing as the approach is largely based on inquiry and analytical procedures. The level of work performed is therefore less extensive than a reasonable assurance engagement.
Materiality	No difference as materiality is considered from intended users' perspective	
Understanding the underlying subject matter and engagement circumstances	Aimed at identifying and assessing the risks of material misstatement (i.e. at a granular level) Requires an understanding of the internal control over the preparation of the subject matter information. Includes evaluating design of controls and whether these are appropriately implemented (requires more than inquiry)	Sufficient to identify areas where a misstatement is likely to arise. Considers the process used to prepare the subject matter information
Response to risk	Procedures more extensive than for limited assurance	Procedures can differ in nature and extent, or may be similar in nature to reasonable assurance, but the extent of evidence needed is ordinarily less.

7.5 Approach to Assurance engagements

Some of the key steps involved in assurance engagements are enumerated below:

i) *Planning Phase:*

- **Defined scope:** Clarity on the disclosures that are in scope of assurance engagements.
- **Confidence in the level of available evidence:** Sufficient, appropriate evidence is required to demonstrate compliance to the relevant criteria. The extent and quality determine the nature, timing and extent of evidence-gathering procedures and whether the information can be assured to the desired level of assurance.
- **Initial risk assessment:** Factors such as subjectivity, materiality and the risk of fraud or error are built into the assurance plan.
- **Bring in subject matter experts** to assist in areas of specific expertise for clients, e.g. GHG emissions.
- **Understanding the entity and the industry**/sector in which the entity operates.
- Understand entities reporting **purpose and intended users.**
- Understand and assess whether the **reporting topics are relevant to intended users** decision making and is complete.
- Determine that the **criteria are suitable** for circumstances of the engagement.
- Compliance with **Independence requirements**.
- **Materiality**: Establish quantitative materiality measures for the purposes of identifying and assessing the risks of material misstatement in numerical information.
- **Identify and assess the Risk of Material Misstatements (ROMM):** Risks that are typically risks identifiable with specific assertions at the individual sustainability statement line item or disclosure level and also ROMM at the overall subject matter information level.

ii) Execution Phase:

Tailor procedures that validate the subject matter against criteria to the required level of assurance, including (but not exclusively):

- A walkthrough and understanding of relevant reporting systems, processes and controls.
- Designing a testing approach i.e., control testing or substantive testing.
- The completeness and accuracy of data, supported by a robust and appropriate evidence trail
- Judgements made are appropriate, whilst responding to inherent uncertainty, sensitivity and the risk of management bias.
- That processes have been followed or are functioning as described.

iii) Completion:

- Obtain Letter of Representation from the client on the date of issuance of assurance report.
- Use appropriate and latest template for assurance report as per the applicable standard adopted.
- Ensure procedures and boundaries mentioned in the report are in line with the Engagement Letter and undertaken during the engagement period.
- Perform required subsequent events related procedures.

7.6 Ethics and Independence requirements

Assurance service providers shall always ensure that the relevant Ethics and Independence requirements are compiled in respect of engagements undertaken by them. SEBI has also issued a set of FAQs to provide guidance in this regard and the same is placed in Annexure II to this chapter.

As per SSAE 3000:

"Prior to accepting or continuing the engagement, it is important to ensure that all the planned processes will be carried out in accordance with all applicable ethical and professional standards. The practitioner shall comply guidelines in line with the Code of Ethics issued by the Institute of Chartered Accountants of India related to assurance engagements. It also requires the engagement partner to be a member of a firm that applies Standard on Quality Control (SQC) 1."

The ICAI Code of Ethics adopts a threats and safeguards approach to independence. Compliance with the fundamental principles may potentially be threatened by a broad range of circumstances. Many threats fall into the following categories:

- **Self-interest**, for example, undue dependence on total fees from the entity.
- **Self-review**, for example, performing another service for the entity that directly affects the subject matter information, such as involvement in the quantification of the entity's information.

- **Advocacy**, for example, acting as an advocate on behalf of the entity with respect to the interpretation of the applicable criteria.
- **Familiarity**, for example, a member of the engagement team having a long association, or close or immediate family relationship, with an employee of the entity who is in a position to exert direct and significant influence over the preparation of the subject matter information.
- **Intimidation**, for example, being pressured to reduce inappropriately the extent of work performed in order to lower fees, or being threatened with withdrawal of the practitioner's registration by a registering authority that is associated with the entity's industry group.

Safeguards created by the profession, law or regulation, or safeguards in the work environment, may eliminate or reduce such threats to an acceptable level.

As per ISAE 3000:

- The practitioner shall comply with Part A and B of the IESBA Code related to assurance engagements, or other professional requirements, or requirements imposed by law or regulation, that are at least as demanding;
- The practitioner shall accept or continue an assurance engagement only when the practitioner has no reason to believe that relevant ethical requirements, including independence, will not be satisfied;
- Part A of the IESBA Code also provides a conceptual framework for professional accountants to apply to:

  (a) Identify threats to compliance with the fundamental principles. Threats fall into one or more of the following categories:

  - Self-interest;
  - Self-review;
  - Advocacy;
  - Familiarity; and
  - Intimidation;

  (b) Evaluate the significance of the threats identified; and

  (c) Apply safeguards, when necessary, to eliminate the threats or reduce them to an acceptable level. Safeguards are necessary when the professional accountant determines that the threats are not at a level at which a reasonable and informed third party would be likely to conclude, weighing all the specific facts and circumstances available to the professional accountant at that time, that compliance with the fundamental principles is not compromised.

IESBA Code of Ethics

- Part B of the IESBA Code describes how the conceptual framework in Part A applies in certain situations to professional accountants in public practice, including:
- Professional appointment;
- Conflicts of interest;
- Second opinions;
- Fees and other types of remuneration;
- Marketing professional services;
- Gifts and hospitality;
- Custody of client assets;
- Objectivity; and
- Independence
- The IESBA Code defines independence as comprising both independence of mind and independence in appearance. Independence safeguards the ability to form an assurance conclusion without being affected by influences that might compromise that conclusion. Independence enhances the ability to act with integrity, to be objective and to maintain an attitude of professional skepticism. Matters addressed in the IESBA Code with respect to independence include:
- Financial interests;
- Loans and guarantees;
- Business relationships;
- Family and personal relationships;
- Employment with assurance clients;
- Recent service with an assurance client;
- Serving as a director or officer of an assurance client;
- Long association of senior personnel with assurance clients;
- Provision of non-assurance services to assurance clients;
- Fees (relative size, overdue, and contingent fees);
- Gifts and hospitality; and
- Actual or threatened litigation.

The assurance practitioner should ensure that based on the framework of reporting followed, respective “Ethics and Independence” requirements are fulfilled.

Annexure I - Format of BRSR Core

Sr. No.	Attribute	Parameter	Measurement	Data & Assurance Approach	Cross – reference to the BRSR
1	Green-house gas (GHG) footprint	Total Scope 1 emissions (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available)	GHG (CO2e) Emission in Mn MT/KT/ MT Direct emissions from organization's owned- or controlled sources	Absolute Fossil Fuel (Coal, Natural Gas, Diesel, FO etc.) Consumption (Mn MT/KT/ MT/MM BTU etc.) Emission Factor (GHG in CO2e/Unit of Measure) - IPCC or Actual Testing from Accredited Test Lab Quantity of Carbon Capture (Mn MT/KT/MT) GHG emissions in CO2 equivalent by process (Non-Fuel Source) (Mn MT/KT/ MT/MM BTU) Fugitive émissions Total Scope 1 GHG Emissions : Point 2 x Point 1 - Point 3 + Point 4 + Point 5	Principle 6, Question 7 of Essential Indicators
	Greenhouse gas emissions may be measured in accordance with the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard	Total Scope 2 emissions (Break-up of the GHG (CO2e) into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available)	GHG (CO2e) Emission in Mn MT/KT/MT Indirect emissions from the generation of energy that is purchased from a utility provider	1. Total Consumption of Purchased Energy (MW), Steam (MT), Refrigeration (MMBTU) 2. GHG (CO2e) Emission Factor across all purchased energy sources - IPCC or actual from the supplier (audited certificates) 3. Total Scope 2 GHG Emissions: Total Consumption x Emission Factor	Principle 6, Question 7 of Essential Indicators

Sr. No.	Attribute	Parameter	Measurement	Data & Assurance Approach	Cross – reference to the BRSR
		GHG Emission Intensity (Scope 1 +2)	Total Scope 1 and Scope 2 emissions (MT)/ Total Revenue from Operations adjusted for PPP	1. Total Emission (Scope 1 & 2) 2. Total Revenue from Operations - From Audited P&L Statement 3. PPP (USD/INR)	Principle 6, Question 7 of Essential Indicators
			Total Scope 1 and Scope 2 emissions (MT)/ Total Output of Product or Services	1. Total Emission (Scope 1 & 2) as above 2. Company & Sector Specific (i.e., No. of Vehicles Produced, MT of Material Produced, Data in Mn TB, No. of Seats/ Travel Class, Room-nights etc.)	Principle 6, Question 7 of Essential Indicators
2	Water footprint	Total water consumption	Mn Lt or KL	Water consumed is water that it is no longer available for use by the ecosystem or local community, such as water that has been withdrawn and incorporated into products or has evaporated or is polluted to the point of being unusable by other users, and is therefore not released back to surface water, groundwater, seawater, or a third party. It also includes water that has been stored during the reporting period for use or discharge in a subsequent reporting period.	Principle 6, Question 3 of Essential Indicators

Sr. No.	Attribute	Parameter	Measurement	Data & Assurance Approach	Cross – reference to the BRSR
				If the entity cannot directly measure its water consumption, it may calculate this using the following: 1. Input water flow meter logs (Calibrated Meters) 2. Output water flow meter logs (Calibrated Meters) 3. Water consumption = Input Water - Output Water	
		Water consumption intensity	Mn Lt or KL/Rupee adjusted for PPP	1. Total water consumed 2. Total Revenue from Operations (from audited P&L) 3. PPP (USD/INR)	Principle 6, Question 3 of Essential Indicators
			Mn Lt or KL/Product or Service	1. Consumption as above 2. Company & Sector Specific (i.e., No. of Vehicles Produced, MT of Material Produced, Data in Mn TB, No. of Seats/ Travel Class etc)	Principle 6, Question 3 of Essential Indicators
		Water Discharge by destination and levels of Treatment	Mn Lt or KL	1. Untreated Water 2. Primary Treatment (Removal of material that floats or settle out i.e Filtration, Screening, Sedimentation etc.)	Principle 6, Question 4 of Essential Indicators

Sr. No.	Attribute	Parameter	Measurement	Data & Assurance Approach	Cross – reference to the BRSR
				3. Secondary Treatment (Removal of Dissolved organic Matter i.e. Oxidation, Digestion etc.) 4. Tertiary Treatment (Disinfecting Water i.e. removal of pathogens, Phosphorous, Nitrogen etc.)	
3	Energy footprint	Total energy consumed % of energy consumed from renewable sources	In Joules or multiples In % terms	Total energy consumption = non- renewable fuel consumed + renewable fuel consumed + purchased electricity, heating, cooling, steam + self-generated electricity, heating, cooling, steam (If the entity generates electricity from a non-renewable or renewable fuel source and then consumes the generated electricity, the energy consumption shall be counted only once) Energy consumed through renewable sources/total energy consumed	Principle 6, Question 1 of Essential Indicators
		Energy intensity	Joules or multiples/ Rupee adjusted for PPP	1. Total energy consumed 2. Total Revenue from Operations (from audited P&L) 3. PPP (USD/INR)	Principle 6, Question 1 of Essential Indicators

Sr. No.	Attribute	Parameter	Measurement	Data & Assurance Approach	Cross – reference to the BRSR
			Joules or multiples/ Product or Service	1. Consumption as above 2. Company & Sector Specific (i.e., No. of Vehicles Produced, MT of Material Produced, Data in Mn TB, No. of Seats/Travel Class etc)	Principle 6, Question 1 of Essential Indicators
4	Embracing circularity - details related to waste management by the entity	Plastic waste (A)	Kg/MT	Absolute weight of the packaging material (Bags, Bottles, Pallets etc.) discarded as defined under the plastic waste management rules 2016 and amendments thereof	Principle 6, Question 9 of Essential Indicators
		E-waste (B)	Kg/MT	Discarded Computers, televisions, cell phones, VCRs, stereos, DVD players, copiers, and fax machines etc. as listed under e-waste management rules 2016 and amendments thereof	Principle 6, Question 9 of Essential Indicators
		Bio-medical waste (C)	Kg/MT	Solids and liquid waste including its container and any intermediate product, which is generated during the diagnosis, treatment or immunization of human beings or animals or	Principle 6, Question 9 of Essential Indicators

Sr. No.	Attribute	Parameter	Measurement	Data & Assurance Approach	Cross – reference to the BRSR
				research activities as listed under Bio-medical waste management rules 2016 and amendments thereof	
		Construction and demolition waste (D)	Kg/MT	Construction waste as per C&D waste management Rules 2016 and amendments thereof like concrete, plaster, metal rods/wires, wood, plastics etc.	Principle 6, Question 9 of Essential Indicators
		Battery waste (E)	Kg/MT	Discarded batteries i.e., Li-ion, Alkaline, Lead Acid etc used in vehicles, computers & laptops, mobiles other electronics, UPS, Power Back up etc. as per Battery Waste management Rules 2016 and amendments thereof	Principle 6, Question 9 of Essential Indicators
		Radioactive waste (F)	Kg/MT	Discarded material such as paper, plastic, clothes, equipment, machine parts etc having exposure to radiation across Nuclear Power Plants, Hospitals, Research Laboratories, Industrial Applications etc.)	Principle 6, Question 9 of Essential Indicators

Sr. No.	Attribute	Parameter	Measurement	Data & Assurance Approach	Cross – reference to the BRSR
		Other Hazardous waste. Please specify, if any. (G)	Kg/MT	As per hazardous waste management rules of CPCB	Principle 6, Question 9 of Essential Indicators
		Other Non-hazardous waste generated (H). Please specify, if any. (Break-up by composition i.e., by materials relevant to the sector)	Kg/MT	Waste not identified as Hazardous as per CPCB	Principle 6, Question 9 of Essential Indicators
		Total waste generated ((A+B + C + D + E + F + G + H)	Kg/MT	self-explanatory	Principle 6, Question 9 of Essential Indicators
		Waste intensity	Kg or MT/Rupee adjusted for PPP	1. Total waste generated 2. Total Revenue from Operations (from audited P&L) 3. PPP (USD/INR)	Principle 6, Question 9 of Essential Indicators
			Kg or MT/Unit of Product or Service	1. Total waste generated 2. Company & Sector Specific (i.e., No. of Vehicles Produced, MT of Material Produced, Data in Mn TB, No. of Seats/Travel Class etc)	Principle 6, Question 9 of Essential Indicators
		Each category of waste generated, total waste recovered through recycling, re-using or other recovery operations	Kg or MT	Absolute quantity	

Sr. No.	*Attribute*	*Parameter*	*Measurement*	*Data & Assurance Approach*	*Cross – reference to the BRSR*
			Intensity	Kg of Waste Recycled Recovered /Total Waste generated Disclosure may be provided if certificates from vendors have been relied upon for assurance of KPIs on waste management	Principle 6, Question 9 of Essential Indicators
		For each category of waste generated, total waste disposed by nature of disposal method	Kg or MT Intensity	1. Amount of material in MT disposed through Incineration 2. Amount of Material to Landfill 3. Any other method Kg of Waste Recycled Recovered /Total Waste generated	Principle 6, Question 9 of Essential Indicators
5	Enhancing Employee Wellbeing and Safety	Spending on measures towards well- being of employees and workers – cost incurred as a % of total revenue of the company	In % terms	To check sources including – • Insurance Policies & Premium Paid Details • Infant Care Policy • Amount billed/invoices towards providing such facilities (*The following measures may be included – health insurance, accident insurance, maternity benefits, paternity benefits, day care*	Principle 3, Question 1(c) of Essential Indicators

Sr. No.	Attribute	Parameter	Measurement	Data & Assurance Approach	Cross – reference to the BRSR
				facilities, health & safety measures including access to mental health)	
		Details of safety related incidents for employees and workers (including contract-workforce e.g. workers in the company's construction sites)	Number of Permanent Disabilities	To check on the basis of claims	Principle 3, Question 11 of Essential Indicators
			Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked)	1. Total number of lost time injuries 2. Total No. of working hours 3. LTIFR = (Total number of lost time injuries *10,00,000)/Total No. of working hours	Principle 3, Question 11 of Essential Indicators
			No. of fatalities	To check on the basis of claims as reported to the Factory Inspector	Principle 3, Question 11 of Essential Indicators
6	Enabling Gender Diversity in Business	Gross wages paid to females as % of wages paid	In % terms	Employee Master/Register	Principle 5, Question 3(b) of Essential Indicators
		Complaints on POSH	• Total Complaints on Sexual Harassment (POSH) reported • Complaints on POSH as a % of female		Principle 5, Question 7 of Essential Indicators

Sr. No.	***Attribute***	***Parameter***	***Measurement***	***Data & Assurance Approach***	***Cross – reference to the BRSR***
			employees/ workers • Complaints on POSH upheld		
7	Enabling Inclusive Development	Input material sourced from following sources as % of total purchases – Directly sourced from MSMEs/ small producers and from within India	In % terms – As % of total purchases by value	self-explanatory *'Input material' - includes all types of procurement such as raw material, spares, services, capex procurement items etc.*	Principle 8, Question 4 of Essential Indicators
		Job creation in smaller towns – Wages paid to persons employed in smaller towns (permanent or non-permanent /on contract) as % of total wage cost	In % terms – As % of total wage cost	Place of employment of employees /workers (Place to be categorised based on with RBI classification system on rural/semi-urban/urban/ metropolitan)	Principle 8, Question 5 of Essential Indicators
8	Fairness in Engaging with Customers and Suppliers	Instances involving loss/ breach of data of customers as a percentage of total data breaches or cyber security events	In % terms		Principle 9, Question 7 of Essential Indicators
		Number of days of accounts payable	(Accounts payable *365) /Cost of goods/services procured	To check from financial statements	Principle 1, Question 8 of Essential Indicators
9	Open-ness of business	Concentration of purchases & sales done with trading houses, dealers, and related parties Loans and advances & investments with related parties	• Purchases from trading houses as % of total purchases • Number of trading	1. RPT audited by Financial Auditors (Refer Financial Audit Report) 2. Financial statements/ invoices	Principle 1, Question 9 of Essential Indicators

Sr. No.	*Attribute*	*Parameter*	*Measurement*	*Data & Assurance Approach*	*Cross – reference to the BRSR*
			houses where purchases are made from • Purchases from top 10 trading houses as % of total purchases from trading houses • Sales to dealers/ distributors as % of total sales • Number of dealers/ distributors to whom sales are made. • Sales to top 10 dealers/ distributors as % of total sales to dealers/ distributors Share of RPTs (as respective %age) in - • Purchases • Sales • Loans & advances • Investments		

Annexure II - FAQs issued by SEBI on BRSR Core assurance

SEBI vide Circular No. SEBI/HO/CFD/CFD-SEC-2/P/CIR/2023/122 dated July 12, 2023 ("Circular") has introduced assurance requirements as per the BRSR Core. The Circular requires the listed entity to ensure that there is no conflict of interest with the assurance providers appointed for assuring the BRSR Core. The Circular illustrates that potential conflict can arise if an assurance provider or any of its associates sell its products or provide any non-audit/non-assurance related service including consulting services, to the listed entity or its group entities. The same can be assessed at https://www.sebi.gov.in/sebi_data/faqfiles/aug-2023/1691500854553.pdf

In view of requests for clarifications received by SEBI, Frequently Asked Questions (FAQs) regarding the aforesaid circular are listed below.

1. **Does the assurance provider need to be a Chartered Accountant?**

   Assurance of the BRSR Core is profession agnostic and need not necessarily be undertaken by a Chartered Accountant. The Board of the listed entity shall ensure that the assurance provider appointed for assuring the BRSR Core has the necessary expertise for undertaking reasonable assurance in the area of sustainability.

2. **What activities/services by an assurance provider (for the BRSR Core) can lead to conflict of interest?**

   The Circular lays down the over-arching principle that there should not be any conflict of interest with the assurance provider appointed for assuring the BRSR Core. In case an assurance provider sells its products or offers any non-audit or non-assurance services to a listed entity or its group entities, irrespective of whether the nature of the product/service is financial or non-financial, it will not be eligible to undertake assurance of the BRSR Core.

3. **What activities can be undertaken by an assurance provider for the BRSR Core?**

   Activities that are in the nature of audit/assurance such as providing third-party certifications, tax audit, system audit and tax filing etc. can be undertaken by an assurance provider for the BRSR Core for the listed entity or its group entities, if the listed entity determines that they do not pose any conflict of interest or compromise the independence of the assurance provider. However, activities such as risk management, project management, management and consulting services, investment advisory services, investment banking services, design and implementation of information systems, rendering of outsourced financial services, actuarial services, accounting and book keeping services cannot be undertaken by an assurance provider for the BRSR Core for the listed entity or its group entities. It may be noted that this is an indicative and not an exhaustive list.

4. **Can the internal auditor of a listed entity or its group entities, be appointed as assurance provider for the BRSR Core?**

   No, the internal auditor of a listed entity or its group entities, cannot be appointed as the assurance provider for the BRSR Core.

5. Can the statutory auditor of a listed entity be appointed as assurance provider for the BRSR Core?

Yes, the statutory auditor of a listed entity can be appointed as the assurance provider for the BRSR Core.

6. What is the meaning of the term "group" that is referred in the above Circular?

For the purpose of this Circular, the term "group" means the holding company, subsidiaries, associates and joint ventures of the listed entity.

7. Which entities would be considered as "associate" of an assurance provider?

7.1. In case the assurance provider is a firm or a corporate entity, its associate would include any of its partners, its parent, subsidiaries, associates, and any entity in which the assurance provider, its parent or partner has significant influence or control. In the case of a Chartered Accountant firm, "associate" shall also include all entities in the network firm/network entity of which the assurance provider is a part.

7.2. In case the assurance provider is an individual, associate shall include any immediate relative (as defined in Companies Act, 2013) of the person, and any entity in which such individual/s has significant influence or control.

8. Which assurance standard should be followed by an assurance provider for the BRSR Core?

The Circular does not mandate or recommend the use of any specific assurance standard. The assurance provider may appropriately use a globally accepted assurance standard on sustainability/non-financial reporting such as the International Standard on Assurance Engagements (ISAE) 3000 or assurance standards issued by The Institute of Chartered Accountants of India (ICAI), such as Standard on Sustainability Assurance Engagements (SSAE) 3000 or Standard on Assurance Engagements (SAE) 3410 "Assurance Engagements on Greenhouse Gas Statements". Further, disclosure should be made of the assurance standard that is used.

MODULE EIGHT : SOCIAL STOCK EXCHANGE AND SOCIAL AUDIT STANDARDS*

Module 8 provides information about Social Stock Exchange (SSE) and disseminates the knowledge to understand and leverage this innovative platform for raising funds in a channelized form by social enterprises. It also covers aspects of Social Audit Framework and Social Audit Standards Issued by the Institute of Chartered Accountants of India.

8.1 Social Stock Exchange

8.1.1 The concept of Social Stock Exchange

The concept of the Social Stock Exchange (SSE) originated in 2003 with the launch of the first Social Stock Exchange in Brazil. Thereafter, many other countries viz. South Africa (in the year 2006), Portugal (in the year 2009), Canada (in the year 2013), Singapore (in the year 2013), United Kingdom (in the year 2013) and Jamaica (in the year 2019) also launched Social Stock Exchanges. Nevertheless, only three out of the seven initially established Social Stock Exchanges remain operational. They are based in Canada, Singapore and Jamaica.

The Social Stock Exchange is a new concept in India. The concept is based on the premise that the social sector can significantly contribute to social and economic development in India with increased funding for social enterprises in a channelized way.

The **Finance Minister Mrs. Nirmala Sitharaman** in the Budget speech of **2019-2020** for the first time proposed the concept of a **Social Stock Exchange** which will be *"under the regulatory ambit of Securities and Exchange Board of India (SEBI) for listing social enterprises and voluntary organizations working for the realization of a social welfare objective so that they can raise capital as equity, debt or as units like a mutual fund."*

The Social Stock Exchange (SSE), established as a separate segment within the existing stock exchange, serves as a platform where securities or other funding structures are listed. It follows procedures for funding selected entities that generate and report measurable social impact. The concept of Social Stock Exchange is built on the premise that private sector and non-profit sector can play a significant role in national development outcomes if more funding is made available to them.

Although For-Profit Organizations (FPOs) and Not-for-Profit Organizations (NPOs) operate differently and have distinct financing needs, SSE recognizes the common elements, the common minimum reporting standards on social impact, governance and financials for both FPOs & NPOs.

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* **As per SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) (THIRD AMENDMENT) REGULATIONS, 2023, Dated- 21st December, 2023-**

The word "Auditor" appearing in the words and expression "Social Auditor" shall be substituted with the words "Impact Assessor".

The word "Audit" appearing in the words and expression "Social Audit Firm" shall be substituted with the words "Impact Assessment"

The words "Auditors" shall be substituted with the words "Impact Assessor(s)".

The Social Stock Exchange envisages meeting the following needs:

- Help social organizations commercialize their financing so that they can scale up operations and break their dependency on grant funding.
- Demarcate the difference between social and conventional finance by creating a separate marketplace for impact investments.
- Set up mechanisms for enforcing all these rules, such as clear de-listing conditions and accessible grievance mechanisms.
- Act as an agent of change in the social sector of India.
- Improve market access to social enterprises and increase transparency to investors.
- Establish a minimum reporting standard and social audit to boost market discipline and encourage healthy competition among social enterprises to help them achieve their impact goals.
- Bridge the gap between social sector and private capital.
- Reduce the trust deficit between government, markets, civil society, and citizens.

8.1.2 Traditional Stock Exchange and the Social Stock Exchange

The objective of the traditional stock exchange and the social stock exchange is similar to that of raising capital. However, the difference between the two lies in the utilization of this capital.

A traditional stock exchange provides a trading facility, where public companies sell partial ownership of the company to the public, in the form of stocks. The funds received from these sales form the share capital. The public company's main objective is wealth maximization of their shareholders.

On the other hand, the objective of the social stock exchange is to extend capital markets to the masses: specifically, organisations working towards social welfare, to facilitate their fundraising.

8.1.3 India's Social Stock Exchange

After the Budget speech of 2019-2020 given by Finance Minister Mrs. Nirmala Sitharaman, the Securities and Exchange Board of India (SEBI) vide its notification dated 25th July 2022 amended the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 ("ICDR Regulations"), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("LODR Regulations") and SEBI (Alternative Investment Funds) Regulations, 2012 ("AIF Regulations") to provide a broad framework for Social Stock Exchange.

Further, in accordance with the aforesaid amendment, SEBI has prescribed a detailed framework for the social stock exchange through its circular dated September 19, 2022."

In terms of SEBI ICDR Regulations, "Social Stock Exchange" means a separate segment of a recognized stock exchange having nationwide trading terminals permitted to register especially Not-for-Profit Organizations (NPOs) and to list their securities in accordance with the provisions of the SEBI regulations.

The detailed framework on SSE, as specified in the circular dated September 19, 2022 (SEBI Framework on Social Stock Exchange), comprises following four major components, namely;

A. Minimum requirements to be met by a Not-for-Profit Organization (NPO) for registration with SSE in terms of Regulation 292F of the ICDR Regulations.

B. Minimum Initial Disclosure Requirement for NPOs raising funds through the issuance of Zero Coupon Zero Principal Instruments in terms of Regulation 292K (1) of the ICDR Regulations.

C. Annual disclosure by NPOs on SSE which have either raised funds through SSE or are registered with SSE in terms of Regulation 91C of the LODR Regulations.

D. Disclosure of Annual Impact Report by all Social Enterprises which have registered or raised funds using SSE in terms of Regulation 91E of the LODR Regulations.

Definitions as per ICDR Regulations

***"Social Auditor/Social Impact Assessor"** means an individual registered with a self-regulatory organization under the Institute of Chartered Accountants of India or such other agency, as may be specified by the Board (SEBI) who has qualified a certification program conducted by National Institute of Securities Market and holds a valid certificate.

"Social Audit Firm" means any entity which has employed Social Auditors and has a track record of minimum three years for conducting social impact assessment.

"For Profit Social Enterprise" means a company or a body corporate operating for profit, which is a Social Enterprise for the purposes of these regulations and does not include a company incorporated under section 8 of the Companies Act, 2013 (18 of 2013).

"Social Enterprise" means either a Not-for-Profit Organization or a For Profit Social Enterprise that meets the eligibility criteria specified in this Chapter.

"Not for Profit Organization" means a Social Enterprise which is any of the following entities:

- a charitable trust registered under the Indian Trusts Act, 1882.
- a charitable trust registered under the public trust statue of the relevant state.
- a charitable society registered under the Societies Registration Act, 1860.
- a company incorporated under section 8 of the Companies Act, 2013.
- any other entity as may be specified by the Board (SEBI).

8.1.4 Eligibility conditions for being identified as a Social Enterprise

To be identified as a Social Enterprise, a Not-for-Profit Organization or a For Profit Social Enterprise shall establish primacy of its social intent. To establish the primacy of its social intent, a Social Enterprise shall meet the following eligibility criteria: -

(a) The Social Enterprise shall be indulged in at least one of the following thematic areas:

(i) eradicating hunger, poverty, malnutrition and inequality;

(ii) promoting health care including mental healthcare, sanitation and making available safe drinking water;

(iii) promoting education, employability and livelihoods;

(iv) promoting gender equality, empowerment of women and LGBTQIA+ communities;

(v) ensuring environmental sustainability, addressing climate change including mitigation and adaptation, forest and wildlife conservation;

(vi) protection of national heritage, art and culture;

(vii) training to promote rural sports, nationally recognised sports, Paralympic sports and Olympic sports;

(viii) supporting incubators of Social Enterprises;

(ix) supporting other platforms that strengthen the non-profit ecosystem in fundraising and capacity building;

(x) promoting livelihoods for rural and urban poor including enhancing income of small and marginal farmers and workers in the non-farm sector;

(xi) slum area development, affordable housing and other interventions to build sustainable and resilient cities;

(xii) disaster management, including relief, rehabilitation and reconstruction activities;

(xiii) promotion of financial inclusion;

(xiv) facilitating access to land and property assets for disadvantaged communities;

(xv) bridging the digital divide in internet and mobile phone access, addressing issues of misinformation and data protection;

In terms of decision taken in 203rd Board meeting of SEBI, nomenclature of Social Auditor** is changed to **Social Impact Assessor** Kindly refer https://www.sebi.gov.in/media-and-notifications/press-releases/nov-2023/sebi-board-meeting_79337.html. However, necessary amendment in SEBI ICDR Regulations is awaited.*

(xvi) promoting welfare of migrants and displaced persons;

(xvii) any other area as identified by the Board or Government of India from time to time.

(b) The Social Enterprise shall target underserved or less privileged population segments or regions recording lower performance in the development priorities of central or state governments.

(c) the Social Enterprise shall have at least 67% of its activities, qualifying as eligible activities to the target population, to be established through one or more of the following: -

(i) at least 67% of the immediately preceding 3-year average of revenues comes from providing eligible activities to members of the target population;

(ii) at least 67% of the immediately preceding 3-year average of expenditure has been incurred for providing eligible activities to members of the target population;

(iii) members of the target population to whom the eligible activities have been provided constitute at least 67% of the immediately preceding 3-year average of the total customer base and/or total number of beneficiaries.

Corporate foundations, political or religious organizations or activities, professional or trade associations, infrastructure, and housing companies, except affordable housing, shall not be eligible to be identified as a Social Enterprise.

8.1.5 Eligibility criterion of NPO for registration on Social Stock Exchange:

Two recent developments- (1) the Notification F. No. SEBI/LAD-NRO/GN/2022/90 dated July 25, 2022, Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Third Amendment) Regulations, 2022 and (2) the SEBI circular SEBI/HO/CFD/PoD- 1/P/CIR/2022/120 dated September 19, 2022, Framework on Social Stock Exchange list out eligibility criterion and disclosure requirements for entities to be listed as NPOs. Some of the important ones are –

1. Entities must be registered in India as one of the below:
   - a charitable trust registered under the public trust statue of the relevant state.
   - a charitable trust registered under the Societies Registration Act, 1860.
   - a charitable trust registered under the Indian Trusts Act, 1882.
   - a company incorporated under section 8 of the Companies Act, 2013.
2. Registration certificate valid at least for next 12 months at the time of seeking registration with SSE.
3. NPO must have been registered for at least 3 years.
4. Annual Spending in the past financial year must be at least 50 lakhs.
5. Funding in the past financial year must be at least 10 lakhs.

8.1.6 *Stakeholders of Social Stock Exchange

Different stakeholders of the social stock exchange include the following:

1. **Trading Members:** Trading members are members of an authorized exchange. They can trade on their own account or on behalf of their clients. It is through these trading members that an individual will be able to buy securities of NPOs and FPEs listed on SSE.

2. **Non-Profit Organization and For-Profit Enterprises:** For-Profit Enterprises (FPEs) are corporates but create social impact as part of their business; and Non-Profits Organizations (NPOs) include Section 8 companies, trusts, and societies.

3. **Social Auditors/Social Impact Assessor:** As per SEBI ICDR Regulations, 2018, "Social Auditor" stated above.

4. **Information Repositories:** The Information Repositories perform the functions of enumeration (listing of active NPOs and their activities), standardization (articulating a standard reporting format for NPOs and helping them to do information reporting), and verification (due diligence). The objective of an information repository is to create and maintain a database of reliable, accurate and timely information, in electronic form, so that it can provide investors with transparent and comparable information.

5. **Market Infrastructure Institutions:** Market infrastructure institutions includes stock exchanges, clearing corporations and depositories.

6. **Regulator and SRO:** SEBI is the regulator of Social Stock Exchanges. A social auditor shall be registered with a self-regulatory organization (SRO).

7. **Investors:** Investors can be divided into institutional investors and non-institutional investors. In the context of SSE, there are some investors (outcome funders) interested in creating social impact in the same sector as the implementation agencies and the second category is risk investors.

8. **Primary Stakeholder:** Communities/target groups- The social enterprises target underserved or less privileged population segments or regions recording lower performance in the development priorities of central or state governments.

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8.1.7 Financing Instruments for NPOs

A Not-for-Profit Organization may raise funds on a Social Stock Exchange (SSE) through:

- issuance of Zero Coupon Zero Principal (ZCZP) Instruments to institutional investors and/or non-institutional investors as per SEBI (ICDR) Regulations, 2018.
- donations through Mutual Fund schemes as specified by SEBI
- any other means as specified by SEBI from time to time

8.1.8 Financing Instruments -For Profit Social Enterprise

A For Profit Social Enterprise may raise funds through:

- issuance of equity shares on the main board, SME platform or Innovators Growth Platform or equity shares issued to an Alternative Investment Fund including a Social Impact Fund;
- issuance of debt securities;
- any other means as specified by SEBI from time to time

Securities issued by For Profit Social Enterprises shall be listed and traded under the applicable segment of the stock exchange with an identifier stating that the scrip is that of a For Profit Social Enterprise and such For Profit Social Enterprises shall meet the eligibility criteria for the main board, SME Platform or innovators growth platform, as applicable, in addition to the criteria provided in this Chapter.

8.1.9 *Registration process on Social Stock Exchanges

i. Eligibility requirements

A social enterprise shall be eligible for fund raising through the Social Stock Exchange mechanism after fulfilment of conditions as mentioned in point 8.1.4 above.

ii. Initial Qualifying Criteria for Onboarding

After fulfilling the qualifying criteria for a social enterprise, distinction between For Profit Enterprise's and Not-for-Profit Organizations must be ascertained. It is important for a Not-for-profit organization (NPO) to qualify the eligibility requirements as mentioned above for the purpose of registration on Social Stock Exchange, and thereafter, it may decide either to list or not for the purpose of raising funds through SSE.

However, a For Profit Enterprise (FPE) shall not seek registration or listing with Social Stock Exchange, unless it is registered as a Company under the provisions of Companies Act, 2013 or erstwhile provisions of Companies Act, 1956 as the case may be and complies with the requirements in terms of SEBI Regulations for issuance and listing of equity or debt securities.

NPOs unlike FPEs are not well-versed with rigour and discipline required for raising money through public. The NPOs are required to meet certain mandatory criteria to register.

iii. Mandatory Qualification Criteria

In addition to the legal requirements, the mandatory qualifying criteria for registration shall include a set of minimum size as indicated by funds received/ deployed. This shall ensure that the NPO wishing to register has an adequate track-record of operations. The NPOs shall ensure compliance with all the qualification requirements, registration requirements, reporting requirements etc. at any given point of time.

Broad Parameter	Indicator	Details
Legal Requirements		
Entity is registered as an NPO	Registration certificate valid at least for next 12 months at the time of seeking registration with SSE	Entities must be registered in India as one of the below: a. a charitable trust registered under the public trust statue of the relevant state; b. a charitable trust registered under the Societies Registration Act,1860 c. a charitable trust registered under the Indian Trusts Act, 1882 d. a Company incorporated under Section 8 of the Companies Act, 2013.
Ownership and control	Governing document (MOA & AOA/ Trust Deed/ Bye-laws/ Constitution)	Disclose if NPO is owned and/or controlled by government or private.
Exemption under Income Tax Act	Registration certificate under Section 12A/12AA/12AB under Income Tax Act 1961	Registration certificate under Section 12A/12AA/12B to be valid for at least the next 12 months. Does not have a notice or ongoing scrutiny by Income Tax.
Registration with Income Tax as an NPO	IT PAN	Valid IT PAN
Age of the NPO	Registration certificate	Minimum 3 years
Tax deduction under Income Tax Act, 1961	Valid 80G registration under Income-Tax Act, 1961 .	Entity to ensure whether tax deduction is available or not to investors.
Eligible to be Social Enterprise	Requirements with regulation 292E of ICDR Regulations	As may be specified by SSE

**Source: Workbook of NISM Social Auditors Certificate Examination Version December 2022*

Minimum Fund Flows		
Annual Spending in the past financial year	Receipts or Payments from Audited accounts/ Fund Flow Statement	Must be at least ₹ 50 lakhs
Funding in the past financial year	Receipts from Audited accounts/ Fund Flow Statement	Must be at least ₹ 10 lakhs

iv. Key Listing Guidelines:

Existing SEBI regulations set the requirements for eligibility and govern the listing of equity and debt securities issued by FPEs. For Profit Enterprises (FPEs) shall list their securities on their appropriate existing boards of stock exchanges. For example, debt securities shall be listed on the main boards, while equity securities shall either be listed on the main board (NSE/BSE) or on the SME platform (NSE-EMERGE/BSE SME) or Innovators Growth Platform (IGP).

The offer documents of the social enterprises for various modes of fund raising shall require disclosure of aspects called “differentiators”. The differentiators cover aspects such as vision, target segment, strategy, governance, management, operations, finance, compliance, credibility, social impact and risks. FPEs will also be required to provide information in the offer document under various SEBI regulations. As part of the pre-listing process, the NPO shall provide audited financial statements for the previous 3 years and social impact statements.

These categories will be used by potential funders/investors to differentiate between the various similar NPOs, and securities being listed and to make informed investment decisions.

For program-specific or project-specific listings, the NPO shall have to provide a greater level of detail in the listing document about its track record and impact created in the program target segment. The NPO will also be required to publicly display on its website all the information submitted as part of pre-listing and post-listing requirements.

8.1.10 Zero Coupon Zero Principal (ZCZP) Instruments

ZCZP Instruments shall be issued only by a NPO registered on a Social Stock Exchange and shall have a specific tenure. These instruments shall be issued without any coupon and no principal amount shall be payable on its maturity.

i. Eligibility for issuance of ZCZP Instruments.

A Social Enterprise which is a NPO registered with a Social Stock Exchange may make an issue of ZCZP Instruments and list them on such Social Stock Exchange.

The NPO may issue ZCZP Instruments only for a specific project or activity to be completed within a duration specified in the fund-raising document provided that the specific project or activity falls under the list of eligible activities specified under point 8.1.4 above.

ii. Procedure for public issuance of ZCZP Instruments by NPO

1. NPO shall file the draft fund-raising document with the Social Stock Exchange where it is registered along with the fees as specified by the Social Stock Exchange and an application seeking in-principle approval for listing of its ZCZP Instruments on the Social Stock Exchange:

   Provided that Social Stock Exchange shall specify the details to be incorporated in the fund raising document:

   Provided further that the SEBI shall specify the minimum disclosure requirements in respect of the fund raising document from time to time.

2. The draft fund-raising document shall be made available on the website of the Social Stock

   Exchange and the NPO for a period of at least 21 days for public comments.

3. The Social Stock Exchange shall provide its observation on the draft fund-raising document to the NPO, within 30 days from the filing of the draft fund-raising document or receipt of clarification, if any, sought by the Social Stock Exchange from NPO, whichever is later.

4. The NPOshall incorporate the observations of the Social Stock Exchange in draft fund-raising document and file the final fund-raising document with the Social Stock

Exchange prior to opening the issue.

iii. Procedure for private issuance of Zero Coupon Zero Principal Instruments by NPO

The NPO registered on a Social Stock Exchange, may also make private issuance of ZCZP Instruments to Social Impact Fund(s) registered under the applicable provisions of the Securities and Exchange Board of India (Alternative Investment Funds) Regulations 2012.

Following is a procedure for such a private issuance in form of ZCZP:

1. **Understand SSE Requirements:** Familiarize with the requirements and guidelines set forth by the Indian Social Stock Exchange (SSE) for the issuance of financial instruments by non-profit organizations (NPOs). This includes understanding eligibility criteria, disclosure requirements, and any specific regulations governing securities issuance on the SSE platform.

2. **Legal and Regulatory Compliance:** Ensure compliance with all relevant laws, regulations, and guidelines applicable to NPOs and securities issuance in India. This may involve consulting legal counsel with expertise in Indian securities laws and regulations.

3. **Structuring the ZCZP Instruments:** Define the terms of the ZCZP instruments in accordance with SSE requirements, including the maturity date, face value, and any other relevant terms such as redemption provisions or conversion rights.

4. **Due Diligence:** Conduct due diligence to assess the financial position, governance structure, and social impact of the NPO issuing the ZCZP

instruments. This may involve financial audits, impact assessments, and legal reviews.

5. **Documentation:** Prepare the necessary legal documentation for the issuance of the ZCZP instruments, including an offering memorandum or prospectus compliant with SSE regulations. This document should provide detailed information about the NPO, the terms of the offering, risks involved, and the social impact of the organization's activities.

6. **Approval from SSE:** Submit the offering memorandum or prospectus to the SSE for review and approval. Ensure that the document meets all disclosure requirements and is in compliance with SSE guidelines.

7. **Investor Solicitation:** Identify potential investors who may be interested in purchasing the ZCZP instruments. This could include impact investors, philanthropic organizations, institutional investors, and retail investors interested in supporting social causes.

8. **Negotiation and Agreement:** Negotiate with investors on the terms of the ZCZP issuance, including the purchase price, quantity of securities to be issued, and any other relevant terms. Ensure that all agreements comply with SSE regulations and guidelines.

9. **Closing:** Execute the necessary legal documents and agreements with investors to finalize the issuance of the ZCZP instruments. This may involve signing subscription agreements, securities purchase agreements, and other closing documents.

10. **Issuance and Settlement:** Issue the ZCZP instruments to investors and settle the transaction by transferring the securities to the investors' accounts and receiving the proceeds from the sale. Ensure compliance with all settlement procedures specified by the SSE.

11. **Reporting and Compliance:** Maintain appropriate records of the ZCZP issuance and comply with any ongoing reporting requirements or obligations to investors as stipulated by SSE regulations. This may include periodic financial reporting, impact assessments, and other disclosures.

    The provisions related to public issuance of ZCZP Instruments as specified above shall mutatis mutandis apply to private issuance of ZCZP Instruments to Social Impact Fund(s).

iv. Contents of the fund raising document

The draft fund raising document and the final fund raising document shall contain all material disclosures which are true and adequate to enable the applicants to take an informed decision and as may be specified by the Board from time to time provided that the Social Stock Exchange may specify additional disclosures in respect of the draft fund raising document and the final fund raising document.

v. Other conditions relating to issuance of ZCZP Instruments

1. ZCZP Instruments shall be issued in dematerialized form only.
2. The minimum issue size shall be *₹ 50 Lakhs
3. The minimum application size shall be *₹ 10,000
4. The minimum subscription required to be achieved shall be 75% of the funds proposed to be raised through issuance of ZCZP Instruments.
5. In case of any under subscription, the NPO shall, in the fund raising document, provide details on the following:
   (a) manner of raising balance capital in case of such under subscription between 75% and 100%;
   (b) possible impact on achieving the social objective(s) in case such under subscription is not arranged provided that the funds shall be refunded in case the subscription is less than 75% of the issue size
6. The Social Stock Exchange shall maintain the details of the allotment pursuant to issuance of ZCZP Instruments by a NPO.
7. The Social Stock Exchange shall specify the additional norms in respect of issue procedure including on agreements with depositories, banks, etc., ASBA related matters, duration for public issuance, allocation methodology and any other ancillary matter related to issue procedure.

vi. Termination of listing of ZCZP Instruments from the Social Stock Exchange

The listing of ZCZP Instruments of a NPO on the Social Stock Exchange shall terminate in the following events:

(a) The object for which the funds were raised has been achieved and a certificate to this effect is submitted to the Social Stock Exchange; or

(b) The tenure to achieve the object for which the funds were raised as provided in the fund raising document has expired.

*In terms of decision taken in 203rd Board meeting of SEBI, minimum issue size and minimum application size altered. Kindly refer https://www.sebi.gov.in/media-and-notifications/press-releases/nov-2023/sebi-board-meeting_79337.html. However, necessary amendment in SEBI ICDR Regulations is awaited.

8.2 Social Audit Standards

8.2.1 Concept of Social Audit Standards

Social audit standards are a set of **guidelines and principles** that define **how to conduct a social audit** in a **comprehensive, independent, and transparent manner.** These standards aim to ensure that social audits are **reliable, credible, and consistent** across different organizations and contexts.

Key elements of social audit standards:

- **Planning and conducting the audit:** These standards outline the required steps for planning and conducting a social audit, including defining the scope of the audit, developing an audit methodology, and selecting qualified auditors.
- **Defining and measuring social impact:** The standards provide guidance on how to define and measure the social impact of an organization's activities. This often involves outlining specific metrics and methodologies for assessing social impact based on the organization's goals and activities.
- **Reporting on the findings:** Standards typically provide specific requirements for what information should be included in the social audit report, including the methodology used, key findings, and recommendations for improvement.
- **Ethical considerations:** Social audit standards address ethical considerations involved in conducting the audit, such as maintaining confidentiality, avoiding conflicts of interest, and respecting the rights of stakeholders.

Benefits of using social audit standards:

- **Enhances credibility and transparency:** By following established standards, the social audit becomes more reliable and trustworthy for stakeholders.
- **Provides a consistent framework:** Standards offer a standardized approach, ensuring consistency in conducting social audits across different organizations.
- **Improves the quality of social audits:** Standards help ensure that social audits are comprehensive and address all relevant aspects of the organization's social impact.

8.2.2 Scope of Social Audit Standards (SASs)

- The SASs applies whenever an independent social audit of a social enterprise is carried out. Social enterprise may be for profit or not for profit organisation.
- The SAS Framework may also be extended to other engagements conducted by social auditors, such as CSR Impact Assessments mandated under the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021, or similar assignments.
- The SAS Framework does not cover any elements of a financial audit or review, which fall under the purview of relevant financial auditing/review standards.

8.2.3 Compliance with Social Audit Standards (SASs)

Given the importance of transparency and accountability in social enterprises, social auditors have a critical role to play in ensuring compliance with the Social Audit Standards (SASs) during audits. If for any reason a social auditor is not able to perform a social audit in accordance with the SASs, his report should draw attention to the material departures there from. Further, compliance with SASs is mandatory requirements for social auditors while carrying out social audits for social enterprises listed on social stock exchange.

(a) **Mandatory Requirement:** SAS compliance is obligatory for all social audits conducted for social enterprises that are listed on social stock exchanges. This requirement underscores the commitment to uphold rigorous standards of social responsibility and accountability.

(b) **Adherence to SAS Guidance:** Social auditors are obligated to meticulously follow the guidance outlined in SAS throughout the audit process. This includes adhering to standardized procedures, methodologies, and reporting formats prescribed by the standard.

(c) **Reporting Material Departures:** In instances where a social auditor encounters challenges in conducting a social audit in strict accordance with SAS, it is imperative to transparently disclose any material departures from the standard in the audit report. This ensures that stakeholders are informed about deviations and their potential implications on the audit findings.

(d) **Commencement of SAS Compliance:** Social auditors are expected to apply SAS guidelines in all social audits commencing on or after the effective date specified in the standard. This ensures a consistent and systematic approach to social auditing across different organizations and sectors.

8.2.4 List of Social Audit Standards (SASs)

Here are the 16 SASs that social auditors should use for social audit engagements, addressing the thematic areas of impact reporting:

- **SAS 100: Eradicating hunger, poverty, malnutrition and inequality;**

  *The Standard aims to provide the Social Auditor with the necessary guidance in relation to independent impact assessment engagement of Social Enterprises engaged in eradicating hunger, poverty, malnutrition and inequality and the audit steps and procedures that should be applied while conducting the social impact assessment.

  The standard shall be applicable to Social Enterprises engaged in activities ensuring access by all people, in particular the poor and people in vulnerable situations including infants, to safe, nutritious and sufficient food all year round, ending malnutrition, eradicating extreme poverty, empowering and promoting social, economic and political inclusion of all etc.

- **SAS 200: Promoting health care (including mental health) and sanitation; and making available safe drinking water**

  *The Standard aims to provide the Social Auditor with the necessary guidance in relation to independent impact assessment engagement of Social Enterprises engaged in promoting health care including mental healthcare, sanitation and making available safe drinking water available and the audit steps and procedures that should be applied while conducting the social impact assessment.

  The standard shall be applicable to Social Enterprises engaged in activities ensuring reduction of Maternal Mortality Ratio, premature mortality from noncommunicable diseases, ending preventable deaths of newborns & children under 5 years of age, epidemics of AIDS, tuberculosis, malaria and neglected tropical diseases, achieving universal and equitable access to safe & affordable drinking water, adequate and equitable sanitation, and hygiene for all etc.

- **SAS 300: Promoting education, employability and livelihoods**

  *The Standard aims to provide the Social Auditor with the necessary guidance on an independent impact assessment engagement of Social Enterprises engaged in promoting education, employability, and livelihoods and the audit steps and procedures that should be applied while conducting the social impact assessment.

  The standard shall be applicable to Social Enterprises engaged in activities ensuring complete free equitable and quality early childhood development, care and pre-primary education, primary and secondary education for girls and boys and activities ensuring equal access to affordable and quality technical, vocational and tertiary education for all women and men and immediate and effective measures to eradicate forced labour, end modern slavery and human trafficking etc.

- **SAS 400: Promoting gender equality, empowerment of Women and LGBTQIA+ communities**

  *The Standard aims to provide the Social Auditor with the necessary guidance in relation to independent impact assessment engagement of Social Enterprises engaged in Promoting gender equality, empowerment of women and LGBTQIA+ communities and the audit steps and procedures that should be applied while conducting the social impact assessment.

  The standard shall be applicable to Social Enterprises engaged in activities ensuring prohibition of discrimination and violence against all women, girls and LGBTQIA+ communities everywhere, ensuring women's full and effective participation and equal opportunities for leadership etc

  ** Compendium of Social Audit Standards (Effective Date: 4th February 2023) February 2023 issued by Sustainability Reporting Standards Board of The Institute of Chartered Accountants of India. For detailed SASs information refer https://resource.cdn.icai.org/74134srsb60035.pdf*

- **SAS 500: Ensuring environmental sustainability, addressing climate change including mitigation and adaptation, forest and wildlife conservation**

  *The Standard aims to provide the Social Auditor with the necessary guidance about independent impact assessment engagement of Social Enterprises engaged in ensuring environmental sustainability, addressing climate change including mitigation and adaptation, forest and wildlife conservation and the audit steps and procedures that should be applied while conducting the social impact assessment.

  The standard shall be applicable to Social Enterprises engaged in activities ensuring reduction in waste generation through prevention, reduction, recycling and reuse, ensuring that people everywhere have the relevant information and awareness for sustainable development and lifestyles in harmony with nature, ensure the conservation of mountain ecosystems, including their biodiversity etc.

- **SAS 600: Protection of national heritage, art and culture**

  *The Standard aims to provide the Social Auditor with the necessary guidance about independent impact assessment engagement of Social Enterprises engaged in protection of national heritage, art and culture and the audit steps and procedures that should be applied while conducting the social impact assessment.

The standard shall be applicable to Social Enterprises engaged in activities ensuring supporting initiatives in the fields of performing arts and cultural heritage, restoration of buildings and sites of historical importance and works of art etc

- **SAS 700: Training to promote rural sports, nationally recognized sports, Paralympic sports and Olympic sports**

  *The Standard aims to provide the Social Auditor with the necessary guidance in relation to independent impact assessment engagement of Social Enterprises engaged in - Training to promote rural sports, nationally recognized sports, Paralympic sports and Olympic sports; and the audit steps and procedures that should be applied while conducting the social impact assessment.

  The standard shall be applicable to Social Enterprises engaged in activities promoting sports, trainings, academy institutionalization and other forms that promote rural sports, nationally recognized sports, Paralympic sports and Olympic sports.

- **SAS 800: Supporting incubators of social enterprises**

  *The Standard aims to provide the Social Auditor with the necessary guidance about independent impact assessment engagement of Social Enterprises supporting incubators of social enterprises that are working in the field of science, skill development, finance, technology, engineering and medicine, and the audit steps and procedures that should be applied while conducting the social impact assessment.

  The standard shall be applicable to Social Enterprises contributing to incubators or research and development projects in the field of science, technology, engineering and medicine, funded by the Central Government or State Government or Public Sector Undertaking or any agency of the Central Government or State Government etc., public funded Universities, IITs, AYUSH, ICMR etc engaged in conducting research in science, technology, engineering and medicine aimed at promoting Sustainable Development Goals.

- **SAS 900: Supporting other platforms that strengthen the non-profit ecosystem in fundraising and capacity building**

  *The Standard aims to provide the Social Auditor with the necessary guidance about independent impact assessment engagement of Social Enterprises engaged in supporting other platforms that strengthen the non-profit ecosystem in fundraising and capacity building and the audit steps and procedures that should be applied while conducting the social impact assessment.

  The standard shall be applicable to Social Enterprises providing support (designing strategy, strengthen the institutional resilience of organization, capacity building, exploring fund-raising strategies etc.) to platforms that help non-profit entities mitigate institutional risks, adapt existing programs and pivot their focus towards developmental works.

- **SAS 1000: Promoting livelihoods for rural and urban poor including enhancing income of small and marginal farmers and workers in the non-farm sector**

  *The Standard aims to provide the Social Auditor with the necessary guidance about independent impact assessment engagement of Social Enterprises engaged in promoting livelihoods for rural and urban poor including enhancing income of small and marginal farmers and workers in the non-farm sector and the audit steps and procedures that should be applied while conducting the social impact assessment.

The standard shall be applicable to Social Enterprises working towards ensuring sustainable food production systems and implement resilient agricultural practices that increase productivity and production and intending to double the agricultural productivity and incomes of small-scale food producers also maintaining the genetic diversity of seeds, cultivated plants and farmed and domesticated animals etc.

- **SAS 1100: Slum area development, affordable housing, and other interventions to build sustainable and resilient cities**

  *The Standard aims to provide the Social Auditor with the necessary guidance about independent impact assessment engagement of Social Enterprises engaged in promoting slum area development, affordable housing, and other interventions to build sustainable and resilient cities and the audit steps and procedures that should be applied while conducting the social impact assessment.

  The standard shall be applicable to Social Enterprises working towards ensuring access to adequate safe and affordable housing for all and basic services and upgrade slums, providing access to safe, affordable, accessible and sustainable transport system, promoting solid and liquid waste management by involving communities etc.

- **SAS 1200: Disaster management, including relief, rehabilitation and reconstruction activities**

  *The Standard aims to provide the Social Auditor with the necessary guidance about independent impact assessment engagement of Social Enterprises engaged in disaster management including relief, rehabilitation and reconstruction activities and the audit steps and procedures that should be applied while conducting the Social Impact Assessment.

  The standard shall be applicable to Social Enterprises working towards relief activities during disasters, rehabilitation of refugees, internally displaced persons, and ex-combatants and reconstruction activities.

- **SAS 1300: Promotion of financial inclusion**

  *The Standard aims to provide the Social Auditor with the necessary guidance in relation to independent impact assessment engagement of Social Enterprises engaged in promotion of financial inclusion to make financial services available, accessible, and affordable to all the citizens in a safe and transparent manner and to support inclusive and resilient multi-stakeholder led growth, and the audit steps and procedures that should be applied while conducting the social impact assessment.

  The standard shall be applicable to Social Enterprises undertaking reforms to give all the citizens equitable access to/ awareness and availability of affordable financial services.

- **SAS 1400: Facilitating access to land and property assets for disadvantaged communities**

  *The Standard aims to provide the Social Auditor with the necessary guidance about independent impact assessment engagement of Social Enterprises engaged in facilitating access to land and property assets for disadvantaged communities and the audit steps and procedures that should be applied while conducting the social impact assessment.

The standard shall be applicable to Social Enterprises undertaking reforms to ensure access and timely availability of financial services, and affordable and adequate credit facilities to disadvantaged communities/sections.

- **SAS 1500: Bridging the digital divide in internet and mobile phone access, addressing issues of misinformation and data protection**

  *The Standard aims to provide the Social Auditor with the necessary guidance in relation to independent impact assessment engagement of Social Enterprises engaged in bridging the digital divide in internet and mobile phone access, addressing issues of misinformation and data protection, and the audit steps and procedures that should be applied while conducting the social impact assessment.

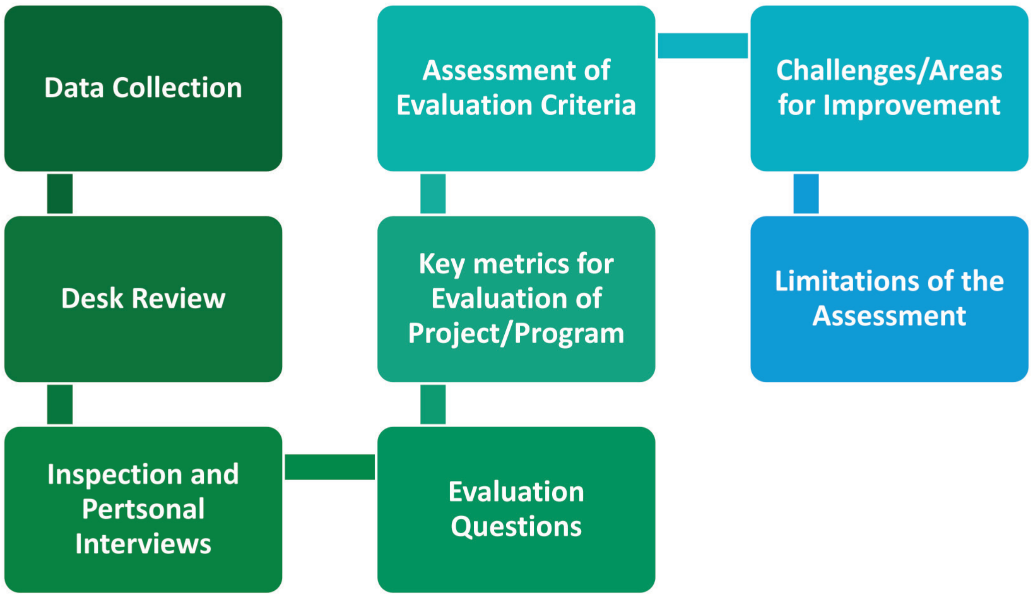
  The standard shall be applicable to Social Enterprises undertaking reforms to reduce inequalities with regard to access to, use of, or impact of information and communication technologies and activities that advocate or promote promises of neutrality and equality in data protections and privacy for disadvantaged communities.

- **SAS 1600: Promoting welfare of migrants and displaced persons**

  *The Standard aims to provide the Social Auditor with the necessary guidance about independent impact assessment engagement of Social Enterprises engaged in promoting welfare of migrants and displaced persons and the audit steps and procedures that should be applied while conducting the social impact assessment. The Standard sets out the minimum requirements to be followed while conducting impact assessment.

  The standard shall be applicable to Social Enterprises undertaking welfare activities for local migrants by providing opportunities and in turn reducing the economic inequalities.

8.2.5 Process of Undertaking Social Audit as per Standards (SASs)



For undertaking the Social Audit as per Social Audit Standards, a social auditor must follow the following process:

a. **Data Collection-** The stakeholders may be approached for collecting data and the overall activity of conducting surveys and collecting sample data should be reviewed to assess relevance and reliability.

Key considerations for SA while planning data collection are:

- ✓ Assumptions & limitations of the data collection
- ✓ Listing of data requirements and documents required for the social audit
- ✓ Key past performance trends for the project or similar projects
- ✓ Detailed work/implementation plan with monitoring & evaluation calendars
- ✓ Deviations in data trends if any vis-à-vis. the baseline status with the reasons for deviation
- ✓ Data alignment with project outcomes including National Priorities/ State Priorities and mapping with the Niti Aayog's SDG India Index Indicators (as relevant).
- ✓ List of stakeholders identified, mapped, and prioritized, and engaged for data collection.
- ✓ Data required for measuring indicators may often be available in qualitative and quantitative form.

Sources of Data collection:

- ✓ Primary sources: Individual interviews, questionnaires, focus group interviews, observation.
- ✓ Secondary sources: Journal articles that comment on or analyse research textbooks dictionaries and encyclopedias books that interpret, analyse, dissertations, newspaper editorial/opinion pieces.

Data Collection Methods

- ✓ Observation
- ✓ Interview method (structured interviews and unstructured interviews)
- ✓ Focused group discussions
- ✓ online surveys, virtual interviews, satellite imagery for monitoring forestry coverage etc.

b. **Desk Review-** The Social Auditor should conduct a desk review of existing documents to gain further insight into the evaluation procedure and impact assessment.

c. **Inspection and Personal Interviews-** Besides desk review, the social auditor should also consider conducting physical inspection and personal interviews to get a first-hand assessment of impact.

d. **Evaluation Questions-** The social auditor should review the evaluation questions addressed through Questionnaires, In-depth Interviews and Focused Group Discussions to assess the responses received from various stakeholders and to understand what has changed as this would help the Social Auditor in forming his views on various aspects.

e. **Key Metrics for Evaluation of Project/Program-** The Social Auditor should review the project/program documents to frame the evaluation criteria for assessing impact. Such key metrics may be collated from baseline, mid-line (monthly / quarterly) and end line assessment (if available), respectively at the beginning, middle and end of the reporting period/project/program to effectively understand and evaluate impact.

f. **Assessment of Evaluation Criteria (Illustrative Key Performance Indicators) -** The Social Auditor should identify the quantitative and qualitative evaluation criteria or the key performance indicators against which the impact must be assessed.

g. **Challenges/Areas for improvement-** The Social Auditor should identify the challenges faced by the stakeholders and the areas for improvement based on the suggestions and feedback received from them, which might have an influence on the impact assessment. Any significant issues observed during the assessment that may influence the user of the impact assessment in decision making, should be highlighted by the social auditor in the social audit report.

h. **Limitations of the assessment-** The Social Auditor should identify the inherent limitations of the evaluation process which might have an influence on the impact assessment. Any significant limitations observed during the assessment that may influence the user of the Impact assessment in decision making, should be highlighted by the Social Auditor in the social audit report.

8.3 Social Audit Framework

Social Audit Framework defines and describes the elements and objectives of a social audit performed by social auditors. It provides a frame of reference for:

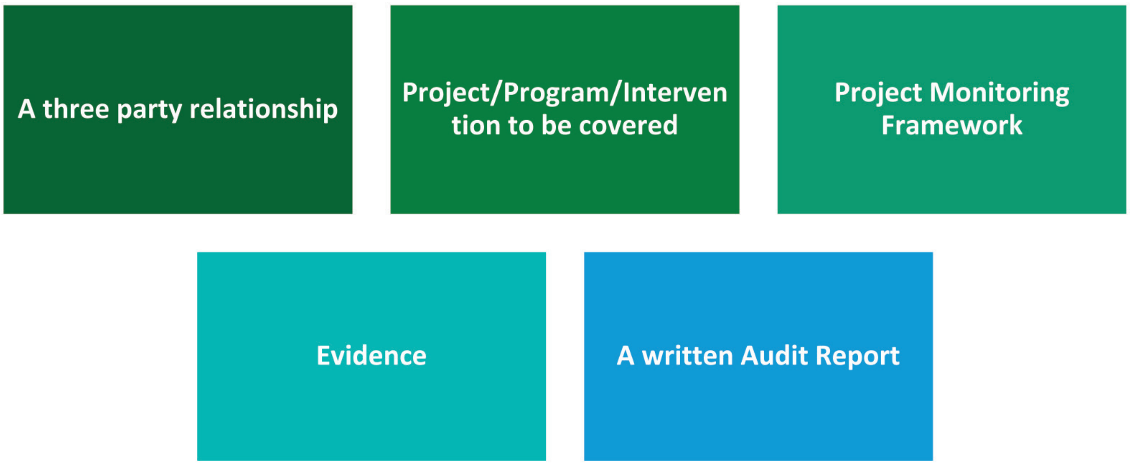
(a) Social auditors when performing social audit i.e., social impact assessment of project/ program executed by social enterprises.

(b) The responsible party, the engaging party, if any, and other stakeholders who are the intended users of social audit report.

8.3.1 Scope of Social Audit Framework

This Framework applies to social audit to be conducted by social auditors using the principles given in SASs. This Framework may also be applied to any other engagement(s) conducted by a social auditor or any other similar assignment. However statutory audit, internal audit, tax audit will not be under the scope of this Framework.

8.3.2 Elements of a Social Audit Engagement



There are five elements of a social audit engagement which are:

1. **A three-party relationship** involving a social auditor, a responsible party, and intended users; -

   - **Social Auditor** means an individual registered with Self-Regulatory Organisation (SRO) under the Institute of Chartered Accountants of India (ICAI) or such other agency, as may be specified by the Securities and Exchange Board of India (SEBI), who has qualified a certification program conducted by National Institution of Securities Market (NISM) and hold a valid certificate.

   - **Responsible Party** is the person (or persons) who is responsible for the subject matter. Generally, social enterprise is the responsible party. The responsible party may or may not be the party who engages the social auditor (the engaging party).

   - **Intended Users** are the person, persons or class of persons for whom the social auditor prepares the social audit report. The responsible party can be one of the intended users, but not the only one.

2. **Project/ Program/ Intervention** to be covered- Social audit engagement is to conduct audit of the project / program / intervention or part thereof relating to a thematic area (s) implemented by a social enterprise.

3. **Project Monitoring Framework-** Social Projects apply the methodology of **Theory of Change (TOC)** when designing social projects. TOC methodology maps out **how and why** a desired change is **expected to happen** in a particular context. It's a essentially a **comprehensive description** and illustration of how and why a desired change is expected to happen in a particular context. It is focused in particular on mapping out or "filling in" what has been described as the **"missing middle" between what a program or change initiative does (its activities or interventions) and how these lead to desired goals being achieved.**

   Theory of change: TOC model will detail out the **inputs, activities, outputs, outcomes, and impact.** This contributes to the social auditor's understanding of the projects and its nuances, identify key evaluation parameters, thematic areas of intervention and the benefits rendered to the community.

4. **Evidence-** The social auditor plans and performs a social audit with an attitude of **professional skepticism** to obtain sufficient appropriate evidence of the implementation of the social program in the field. An attitude of professional skepticism means the social auditor makes a critical assessment, with a questioning mind, of the validity of evidence obtained and is alert to evidence that contradicts or brings into question the reliability of documents or representations by the responsible party.

   *SA 500: **Audit evidence** is the Information used by the auditor in arriving at the conclusions on which the auditor's opinion* is based. Social auditor is required to

   a) obtain sufficient appropriate audit evidence

   b) assess which information can be used as audit evidence

   c) selecting items for testing to obtain audit evidence

   d) there should not be an inconsistency in, or doubts over reliability of, audit evidence

5. **A written audit report** - The social auditor provides a written social audit report containing the findings from the assessment in terms of impact created and gaps, if any.

8.3.3 Format of Social Audit Report:

To (Appropriate Addressee)

Section I

Context

- About the project
- Responsibilities of responsible party and social auditor
- Conformance to Framework for Social Audit Standards, applicable Social Audit Standards and Code of Conduct for Social Auditors issued by the Self-Regulatory Organization (SRO)

Section II

- Scope of the Social Audit
- Overall Approach & Methodology used, including Sampling, Data collection and Limitations, if any:

Section III

- Key Findings from the audit including gaps
- Case studies

Section IV

- Annexures (if applicable)

Inherent Limitation:

This report in no way should be construed as an opinion, attestation, certification or other form of assurance. The procedures performed as part of the social audit do not constitute an examination or a review in accordance with generally accepted auditing standards or attestation standards.

This assessment has been undertaken by [name of firm/agency/individual], (Registration No. allotted by SRO)

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MODULE NINE : SUSTAINABLE FINANCE, GREEN BONDS AND CARBON TRADING

This module explores the intersection of finance and sustainability, focusing on green bonds and carbon trading mechanisms as tools for environmental progress.

Key Learning Areas:

- **Sustainable Finance:** Grasp the essence of sustainable finance and its growing significance in the financial sector.
- **Green Bonds:** Understand the issuance process and how proceeds from green bonds are allocated.
- **Blue Bonds:** Explore the increasing use of blue bonds and their potential to promote sustainable ocean development.
- **Evolution of Carbon Trading:** Delve into the historical background and evolution of carbon trading systems as a market-based approach to tackling climate change.
- **Carbon Credits & Offsets:** Understand the concept of carbon credits and offsets, tradable units representing emission reductions.
- **Carbon Markets:** Decipher the operation of carbon markets, including the trading of carbon credits and offsets.
- **Carbon Credit Trading Scheme, 2023:** Analyze the scheme's contribution to national or regional emission reduction targets.
- **Green Credit Rules, 2023:** Explain the Green Credit Rules established in 2023 and their purpose in promoting and regulating green investments.

9.1 Sustainable Finance

What is Sustainable Finance?

Sustainable finance is a financial approach that considers environmental, social, and governance (ESG) factors alongside traditional financial considerations. This means making investment decisions that not only offer competitive returns but also contribute to a more sustainable future.

The Need for Sustainable Finance in India

India faces a significant challenge in meeting its climate change goals and achieving net-zero emissions by 2070. This requires substantial investments in clean energy, infrastructure, and sustainable practices. Sustainable finance plays a crucial role in mobilizing these resources.

A. Environmental Imperatives:

- **Combating Climate Change:** India is a major emitter of greenhouse gases, and sustainable finance is crucial for financing the transition to clean energy sources and mitigating climate risks like extreme weather events.

- **Resource Depletion:** India faces water scarcity and land degradation. Sustainable finance can support investments in resource efficiency, pollution control, and ecosystem restoration.
- **Climate Adaptation:** The country needs to invest in infrastructure that can withstand the impacts of climate change, such as floods and droughts. Sustainable finance can help fund these adaptation measures.

B. Developmental Needs:

- **Inclusive Growth:** Sustainable finance can promote investments in sectors like renewable energy and clean technologies that create jobs and drive economic growth in a sustainable way.
- **Social Equity:** Sustainable finance can support financial inclusion for underserved communities and promote investments in areas like affordable housing, sanitation, and healthcare.
- **Meeting SDGs:** India has ambitious goals for sustainable development, and sustainable finance can play a key role in mobilizing resources to achieve these goals, such as poverty eradication and gender equality.

C. Economic Considerations:

- **Long-Term Resilience:** Transitioning to a sustainable economy can help India build long-term resilience against climate change and resource depletion, ensuring future economic stability.
- **Attracting Investments:** Investors are increasingly seeking sustainable investment opportunities. Sustainable finance can help India attract these investments and position itself as a leader in the green economy.
- **Managing Climate Risks:** Climate change poses significant financial risks to businesses and infrastructure. Integrating climate risk management into financial decision-making is essential, and sustainable finance can help achieve this.

Key Developments in Sustainable Finance in India

- **Government backing sustainable growth:** Budgetary focus on renewable energy, clean agriculture and sustainable infrastructure shows a commitment to a greener future.
- **Rise of green bonds:** India is a major player in issuing green bonds, channeling funds towards environmentally friendly projects.
- **Stronger regulatory framework:** The central bank is setting guidelines for banks to manage climate risks, promote green deposits and ensure transparency in green bond disclosures.
- **Market embracing sustainability:** Sustainability-linked loans with favourable interest rates for companies meeting green targets are gaining traction.
- **Investment beyond renewables:** Green finance is now flowing into clean technologies, electric vehicles, sustainable waste management and greening agriculture.

Current Sustainable Finance Guidelines in India

The RBI Guidelines for Green Financing

The Reserve Bank of India joined the Central Banks and Supervisors Network for Greening the Financial System (NGFS) as a Member on April 23, 2021, seeking to benefit from the membership of NGFS by learning from and contributing to global efforts on Green Finance which has assumed significance in the context of climate change.

In alignment with this, RBI introduced the Green Bond Framework for accepting green deposits. This framework is designed to encourage banks to raise funds in the form of green bonds/deposits, which are specifically earmarked for financing green projects. These funds are designated for financing projects with environmental benefits, such as renewable energy, energy efficiency, pollution control, sustainable agriculture and green infrastructure.

Under this framework, banks are required to follow specific eligibility criteria and disclosure requirements to ensure transparency and credibility in their green financing activities.

RBI requires that the Regulated entities shall arrange to carry out an external review of their FF and the opinion from the external reviewer shall be made available on its website before implementation of the FF.RBI also emphasises that the allocation of funds raised through green deposits by the regulated entities under RBI during a financial year shall be subject to an independent Third-Party Verification/Assurance which shall be done on an annual basis.

Source: *https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12487&Mode=0*

SEBI's Requirements for Issuance and Listing of Green Debt Securities

The Securities and Exchange Board of India has established requirements for the issuance and listing of green debt securities to promote sustainable financing. Some key requirements include:

1. **Eligibility Criteria:** Issuers must meet certain criteria related to environmental sustainability, such as the use of proceeds for green projects or investments that have positive environmental impacts.
2. **Disclosure Requirements:** Issuers are required to provide comprehensive disclosure on the use of proceeds, environmental benefits, and reporting mechanisms for green debt securities.
3. **Monitoring and Reporting:** Issuers must establish robust monitoring and reporting mechanisms to track the utilization of proceeds and environmental performance of the projects financed by green debt securities.
4. **Independent Verification:** Issuers may be required to undergo independent verification of their green bond framework or green debt issuance to ensure compliance with SEBI's guidelines.

Overall, SEBI's requirements aim to enhance transparency, credibility, and accountability in the issuance and listing of green debt securities, thereby fostering the development of the green finance market in India.

Source: https://www.sebi.gov.in/legal/circulars/feb-2023/revised-disclosure-requirements-for-issuance-and-listing-of-green-debt-securities_67837.html

The Future of Sustainable Finance in India

- **Stronger Policy Framework:** The Indian government is expected to continue prioritizing sustainable development through policies that incentivize green investments, discourage brown industries, and encourage climate risk management. This could include tax breaks for green technologies, subsidies for renewable energy projects, and stricter regulations for polluting industries.

- **Growing Market Demand:** As environmental awareness increases, investors are likely to seek out sustainable investment opportunities. This will drive demand for green bonds, sustainability-linked loans, and impact investments. Companies will also face pressure from investors to improve their ESG performance.

- **Financial Innovation:** We can expect to see a rise in innovative financial products and services tailored for sustainable projects. This could include green infrastructure financing, climate risk insurance products, and blockchain-based solutions for tracking green investments. Financial technology (fintech) is likely to play a key role in streamlining sustainable finance processes.

- **Focus on Social Impact:** Sustainable finance is not just about environmental issues. There's likely to be a growing focus on social impact investing, addressing challenges like poverty, healthcare access, and financial inclusion. This will attract investors looking to generate positive social returns alongside financial gains.

- **Convergence with Global Trends:** As the fight against climate change intensifies globally, India is likely to see increased international cooperation and investment in sustainable projects. This will bring in additional resources and expertise to accelerate India's transition towards a more sustainable economy.

- **Challenges Remain:** Despite the positive outlook, there are challenges to address. Standardizing ESG data and ensuring transparency in green finance practices will be crucial. Developing the capacity to assess and manage climate risks within the financial sector is also important. Additionally, mobilizing sufficient capital to fund the large-scale shift towards a sustainable economy will require continued government support and private sector participation.

9.2. Green Bonds

What are Green Bonds?

Green bonds are debt instruments that raise capital to finance environmental or climate-related projects. While green bonds are similar to conventional bonds as they have a fixed or variable interest rate, they differ since they are specifically designated for financing or refinancing environmental projects that have positive effects on the environment or the climate such as the use of renewable energy, energy efficient transportation, clean energy, sustainable water management and the reduction of greenhouse gas emissions. They are issued by Government, Corporations or International Development Banks.

Types of Green Bonds

Green bonds are defined as debt instruments used to finance projects that have positive environmental and/or climate impact. These bonds are designed to promote the transition to a low-carbon and climate resilient economy. Green bonds come in a variety of forms, including:

S. No.	Name of Green Bonds	Purpose
1	Climate Change Bonds	These bonds are issued to fund projects that focus on mitigating climate change. E.g. renewable energy and energy efficiency projects.
2	Renewable Energy Bonds	These bonds are issued to finance projects that create and/or use renewable energy sources. E.g. wind, solar and hydroelectric power.
3	Energy Efficiency Bonds	These bonds are issued to finance projects that increase energy efficiency and reduce energy consumption. E.g. building retrofits and upgrades to equipment and appliances.
4	Social or Sustainable Development Bonds	These bonds are issued to finance projects that promote sustainable development such as projects that create jobs, reduce poverty and improve public health. E.g. affordable housing, education and healthcare.
5	Green Infrastructure Bonds	These bonds are issued to finance projects that promote green infrastructure, such as projects that protect natural resources and ecosystems. E.g. urban green spaces, reforestation and water conservation projects.
6	Natural Resources Bonds	These bonds are issued to finance projects that promote the conservation and sustainable use of natural resources. E.g. sustainable forestry management, reforestation, rehabilitation of mined areas and the development of clean energy initiatives.
7	Project-linked bonds	These bonds are linked to specific projects, such as the construction of a wind farm or the development of a public transportation system. E.g. light rail or bus rapid transit system.
8	Asset-linked bonds	These bonds are linked to a portfolio of assets such as a group of wind turbines, a fleet of electric buses, electric vehicle charging stations or construction of a green building.

S. No.	Name of Green Bonds	Purpose
9	Corporate green bonds	These bonds are issued by companies to finance their own green projects or to refinance existing projects. For e.g. Bonds issued by a major car manufacturer to finance the development and production of electric vehicles (EVs) and related infrastructure.
10	Sovereign Green bonds	These bonds are issued by National Government to finance green projects such as renewable energy, sustainable infrastructure and climate change adaptation.
11	Green bond funds	These are funds that invest in a diversified portfolio of green bonds, enabling investors to gain exposure to the green bond market without having to buy individual bonds. E.g. fund that invests primarily in bonds issued by companies in the renewable energy sector such as solar and wind power companies.

History of Green Bonds Issuances in India

India has long had a strong scope for green financing. As early as 2016, the Climate Bonds Initiative reported that India had about USD 15.7 billion of unlabeled climate-aligned bonds used toward low carbon transport and renewable energy assets Officially, India entered the green bonds market in 2015 with the YES Bank issuing the first green bond with a maturity period of 10 years for financing renewable energy projects. Since then, several banks and corporates have entered the green bonds market such as the EXIM bank, IDBI Bank, Axis Bank, PNB Housing Finance, ReNew Power, NTPC, IREDA, Greenko, etc. Several of these issuances have also been listed on international exchanges such as the London Stock Exchange and the Singapore Exchange. Below Table enlists selected key milestones around the issuance of green bonds in India.

Issuer	Milestone	Year	Amount
YES Bank	First green bond issuance in India.	2015	USD 260 million
Greenko	First high-yield green bond issuance in India. Greenko is also the highest cumulative issuer of green bonds in India.	2016	USD 500 million
NTPC	Insurance of a corporate green 'Masala' bond	2016	INR 2000 crores (USD 300 million)
Ghaziabad Municipal Corporation	Firt local civic body in India to issue a green bond (The Hindu Business Line, 2021).	2021	USD 20 million

Issuer	Milestone	Year	Amount
Indore Municipal Corporation	First city to enlist municipal green bonds on the National Stock Exchange's (NSE) debt securities platform (Vats, 2023)	2023	USD 87 million
Government of India	First sovereign bond in two branches of 5 and 10 year tenors.	2023	USD 1 billion

Source:
https://teriin.org/sites/default/files/files/Accelerating_the_Growth_of_Green_Bonds_Policy_Brief.pdf

Existing Regulations for the Green Bonds Market in India

In India, the green bond market is regulated by the Securities and Exchange Board of India (SEBI) which issued the 'Disclosure Requirements for Issuance and Listing of Green Debt Securities' in 2017 and further strengthened it by aligning it with the GBP and involving the concepts of blue and yellow bonds in 2023. Additionally, the Sovereign Green Bonds Framework has also been established by the government of India to streamline the selection and monitoring process of projects funded by sovereign green bonds (Government of India, 2023). The framework established by SEBI mandates the issuers of green bonds to disclose the environmental objectives of their issuance, procedures to track the deployment of proceeds, and the assets or the project through which the proceeds of green debt securities are to be utilized. It also defines the categories under which funds can be raised as green debt securities:

» Renewable energy (wind, solar, bio, or other energy sources using clean technology).

» Clean transportation.

» Sustainable water management systems.

» Energy efficiency and green buildings.

» Sustainable waste management.

» Biodiversity conservation.

» Any other category specified by the SEBI over time.

Indian Sovereign Green Bond Framework

The Indian Sovereign Green Bond Framework, launched in November 2022, outlines how the government will issue Sovereign Green Bonds and use the proceeds for environmental projects. Here are some key points about the framework:

- **Focus:** It prioritizes projects that reduce emissions, improve climate resilience, and promote sustainable development. This aligns with India's "Panchamrit" climate goals announced at COP26.

- **Eligible Projects:** The framework covers various sectors like renewable energy, clean transportation, sustainable buildings, and green infrastructure.
- **Transparency:** It emphasizes transparency in how the funds are used. There's a process for project selection, allocation of funds, and impact reporting. However, some experts recommend more detailed project selection criteria for better clarity.
- **Success:** The debut issuance in January 2023 was well-received, being oversubscribed by investors. This indicates a strong interest in green bonds and can potentially attract more green investments to India.
- **Future Potential:** The framework paves the way for future issuances of Sovereign Green Bonds, which can help mobilize resources for India's green projects and establish a robust green bond market in the country.

The Future of Green Bonds in India

Green bonds play a crucial role in mobilizing funds for India's transition to a sustainable future. Continued government support, increased private sector participation, and innovative financial instruments are essential for achieving India's climate goals and building a greener economy. India's challenge of mobilizing private investments through green bonds stresses the need for robust market development and policy interventions. Currently, Indian green bonds struggle with low credit ratings, small issuance sizes, irregular regulations and reporting standards, awareness gaps, lacking fiscal incentives, and currency volatilities. To address these challenges, domestic regulatory adaptations and fiscal incentives need to be supported by internationally backed structures for credit enhancement, awareness generation and collaborations. In addition, innovative innovation strategies must be pursued to provide scalability to green projects in India and attract institutional investors, as accessing their provision of long-term, patient capital would be central to financing emerging green pathways and technologies.

9.3. Blue Bond

Introduction

The Blue Economy, defined by the World Bank as the sustainable use of ocean resources, holds immense potential for India, boasting a coastline of 7500 km and vast navigable inland waterways. With the aim of becoming a $10 trillion economy by 2032, India sees the Blue Economy as a key growth catalyst, currently constituting 4.1% of its GDP.

Scope of Blue Bonds

Blue Bonds, a financial instrument tailored for sustainable oceanic development, can support various sectors within the Blue Economy:

a. **Oceanic Resource Mining:** India has access to vast resources such as polymetallic nodules and methane hydrates in the Indian Ocean Region. By mining polymetallic nodules, India can enhance its resource availability, including nickel, copper, cobalt, and manganese, covering an area of 750,000 square km under an agreement with the International Seabed Authority.

b. **Sustainable Fishing:** India's exclusive economic zone of 2.37 million square km presents opportunities for sustainable fishing practices. Transitioning away from exploitative methods like bottom trawlers can address challenges such as Illegal, Unreported, and Unregulated (IUU) fishing, aligning with global commitments.

c. **Offshore Wind Energy:** With ambitious targets set by the Ministry, India aims to install 5.0 GW of offshore wind capacity by 2022 and 30 GW by 2030. This policy framework provides confidence to developers and investors, fostering the growth of offshore wind energy in the Indian market.

d. **Coral Rejuvenation:** Investing in technologies like biorock can help revive coral ecosystems along India's coastline. Implementing artificial substrates can aid in coral regeneration, contributing to biodiversity preservation and sustainable tourism.

e. **Geoengineering Techniques:** Initiatives such as ocean fertilization offer avenues for climate mitigation by enhancing marine food production and sequestering carbon dioxide. These techniques align with global efforts to combat climate change and promote environmental sustainability.

Regulatory Framework for Sustainable Finance

The regulatory landscape is evolving to support sustainable finance ecosystems:

a. The Reserve Bank of India (RBI) established a Sustainable Finance Group (SFG) to address financial risks associated with climate change.

b. RBI's Discussion Paper on Climate Risk and Sustainable Finance emphasizes the importance of consistent climate-related disclosures by regulated entities, aligning with international standards such as the Task Force on Climate-Related Financial Disclosures (TCFD).

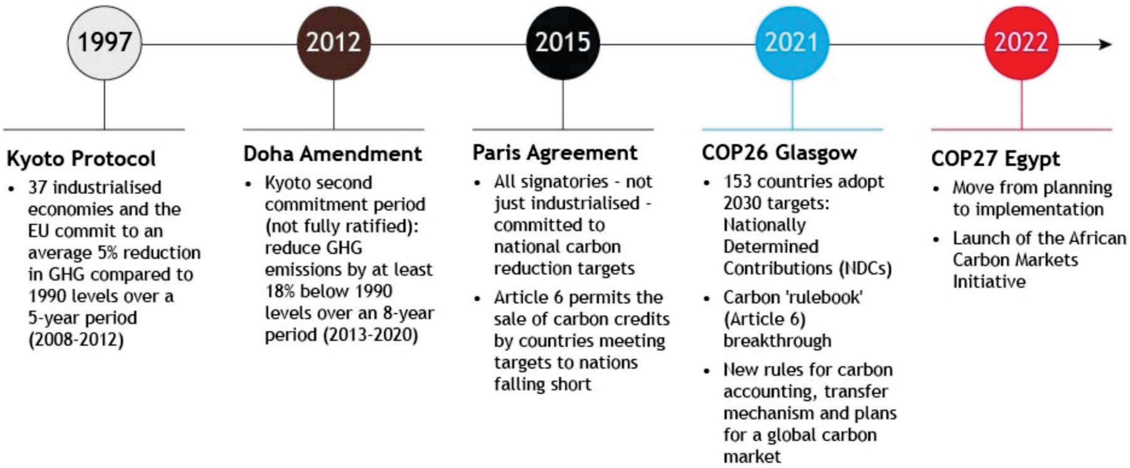
c. Regulatory bodies like the US SEC and the European Union are introducing stringent requirements for climate disclosures, independent assurance of emissions data, and combating greenwashing through initiatives like the Green Claims Directive.

d. The European Green Deal and sustainable finance taxonomy aim to mobilize investments for climate-neutral objectives, promoting transparency and aligning financial flows with environmental, social, and governance (ESG) criteria.

Blue Bonds offer a strategic financing mechanism to propel India's Blue Economy forward while ensuring environmental sustainability and resilience to climate change. By leveraging regulatory frameworks and international best practices, India can unlock the full potential of its ocean resources, driving economic growth, and fostering inclusive development.

9.4. Evolution of Carbon Trading

The evolution of carbon trading has been a journey with various stages, marked by both progress and challenges. Here's a summary of its development:



Source:
https://www.lexology.com/library/detail.aspx?g=de65b98d-8c2c-47e4-a4a8-6b4fe557d04d

Early ideas (pre-1997):

- The concept of carbon trading existed for decades, even before the term 'carbon market' gained traction.
- It primarily remained in academic and activist circles, with the understanding that a market mechanism could incentivize emission reduction.

Landmark moment: The Kyoto Protocol (1997):

- This international treaty marked a turning point, establishing the first official framework for trading carbon emissions internationally.
- It allowed developed countries to meet their emission reduction targets through several mechanisms, including buying emission allowances from developing countries that emitted less than their allocated amount.

Post-Kyoto developments:

- Various regional and national carbon trading schemes emerged, including the
  - o **EU Emissions Trading System (EU ETS):** Launched in 2005, it's the largest cap-and-trade system globally.
  - o **California Cap-and-Trade Program:** Established in 2012, it's one of the most active carbon markets in the world.

Challenges and future directions:

- Carbon markets have faced criticism for issues like market volatility, concerns about carbon offsets' effectiveness, and unequal participation between nations.

- Despite these challenges, the global carbon market has shown significant growth in recent years, covering a larger portion of global emissions and experiencing increased trading volume.
- The **Paris Agreement (2015),** while not explicitly mentioning carbon trading, acknowledges the role of market mechanisms in tackling climate change.

Current and future trends:

- There's an increasing focus on **linking existing carbon markets** to create a more unified global system.
- **Voluntary carbon markets** are also gaining traction, allowing companies and individuals to offset their emissions by purchasing carbon credits from projects that reduce emissions elsewhere.
- The future of carbon trading is expected to be characterized by continuous innovation, addressing existing challenges and exploring new ways to make the system more efficient and effective in tackling climate change.

Overall, the evolution of carbon trading showcases the ongoing efforts to develop **market-based solutions** to address the global climate challenge. While there are still challenges to overcome, the growing market and ongoing development offer a glimpse of hope for its potential contribution to a more sustainable future.

9.5. Carbon Credits and Carbon Offsets

Carbon credits are marketable permits that each reflect one metric ton of carbon dioxide (CO2) emissions (or other greenhouse gases) that a business is allowed to emit. Carbon credits are commonly used in the context of emissions trading in which companies are given a fixed amount of credits depending on their emissions. They can later purchase more credits or sell their extra.

Carbon offsets are typically created when companies or individuals finance projects that reduce greenhouse gas emissions elsewhere. Projects to reduce carbon often fall into one of two categories: mechanical or natural. Reforestation and wetland restoration activities are examples of solutions that "naturally" collect carbon in the environment. Mechanical solutions include investments in new technology that result in higher efficiency or lower emissions, like renewable energy projects or direct carbon capture technologies.

Parameter	Carbon Credits	Carbon Offsets
Regulation	Typically regulated by governments or international bodies as part of a cap-and-trade system, where emissions are capped, and credits are traded in a regulated market.	Voluntary and not typically regulated by government mandates. Purchases are made voluntarily by individuals, companies, or governments to offset their own emissions.

Parameter	Carbon Credits	Carbon Offsets
Purpose	Primarily designed to create a financial incentive for companies to reduce their emissions by allowing them to buy and sell emission allowances within a capped system.	Aimed at compensating for emissions that cannot be reduced directly by investing in projects that reduce or remove emissions elsewhere, typically outside of regulated markets.
Trading Mechanism	Traded in regulated markets, often through government-established exchanges or platforms where companies can buy and sell credits to meet their compliance obligations.	Purchased through voluntary markets or specialized platforms where buyers can choose from a variety of offset projects, such as renewable energy, forestry, or methane capture, based on their preferences and goals.
Origin of Reduction	Emission reductions are typically achieved by companies or entities subject to emissions caps within the regulatory framework.	Reductions can be achieved through various projects undertaken by third-party organizations, such as renewable energy developers, reforestation initiatives, or methane capture projects.
Certification and Verification	Subject to rigorous certification and verification processes to ensure the integrity and authenticity of emission reductions, often involving government oversight or third-party auditors.	Also subject to certification and verification processes to ensure that the emission reductions claimed by offset projects are real, additional, permanent, and verifiable, although standards and requirements may vary among offset providers and voluntary programs.

9.6. Carbon Markets

A carbon market is a specialized type of financial market, through which carbon credits can be bought and sold. Carbon credits are essentially permits that allow the purchaser to emit a certain amount of carbon dioxide or other greenhouse gases.

Some carbon markets are run and regulated by governments or international bodies, with certain industries required to participate, while others are entirely voluntary.

Carbon markets are a key element of cap and trade programs intended to reduce greenhouse gas emissions. In a cap and trade program, also known as an emissions trading system (ETS), governments or groups of governments cap emissions at a certain overall level and assign limits to entities, such as countries or companies, covered under the rules. An entity that doesn't need to use all of the carbon credits it has been issued can sell them to one that expects to exceed its limits.

In addition, entities can create carbon credits, or offsets, by either reducing or removing carbon dioxide, which they can then sell. Reduction refers to initiatives that serve to lower emissions, such as adding solar panels or building a wind farm, while removal refers to projects that remove and then store carbon dioxide, such as through reforestation or sophisticated carbon capture technology.

Each carbon credit is equal to one metric ton of carbon dioxide.

Not only do entities like countries and large industrial plants buy and sell carbon credits, but other businesses, organizations, and individuals can as well. Their motivation might be to offset their carbon footprint, to live up to a corporate pledge to support the environment or to speculate in carbon credits as they might in cotton or wheat futures. As the United Nations (U.N.) puts it, "Carbon is now tracked and traded like any other commodity."

Types of Carbon Market

There are broadly two types of carbon markets: compliance and voluntary.

Compliance markets are created as a result of any national, regional and/or international policy or regulatory requirement.

Voluntary carbon markets – national and international – refer to the issuance, buying and selling of carbon credits, on a voluntary basis.

The current supply of voluntary carbon credits comes mostly from private entities that develop carbon projects, or governments that develop programs certified by carbon standards that generate emission reductions and/or removals.

Demand comes from private individuals that want to compensate for their carbon footprints, corporations with corporate sustainability targets, and other actors aiming to trade credits at a higher price to make a profit.

9.7. Carbon Credit Trading Scheme, 2023

India's Carbon Credit Trading Scheme, 2023 (CCTS 2023) was notified1 by the Government of India on 28 June 2023 under the Energy Conservation Act, 2001, to develop the country's first-ever domestic carbon market. The notification underlines the necessary framework and the roles of diverse stakeholders for the development and functioning of the Indian Carbon Market (ICM). The market will be driven by setting Greenhouse Gas (GHG) emission intensity reduction targets in line with India's Nationally Determined Contributions (NDC) for selected entities to be obligated under CCTS 2023.

The CCTS 2023 entails the formation of a National Steering Committee or Indian Carbon Market (NSCICM) for the governance and direct oversight of the ICM. The committee will be chaired by the Secretary; Ministry of Power (MoP); and co-chaired by the Secretary, Ministry of Environment, Forests and Climate Change (MoEF&CC).

Below mentioned are the key stakeholders under ICM –

(i) **The Bureau of Energy Efficiency (BEE)** will be the administrator for the ICM and will be responsible for the development of the GHG emissions trajectory and the targets for the entities to be obligated under the notification.

(ii) **The Grid Controller of India Limited** will be the designated agency for the maintenance of the ICM Registry and will register the obligated entities and maintain the record of the transactions among the obligated entities, among other functions.

(iii) **The Central Electricity Regulatory Commission (CERC)** will be the regulator for the trading of carbon credit certificates. They will safeguard the interests of the buyers and the sellers, decide on the frequency of trading, and take action to prevent fraud or mistrust. The CERC will register the power exchanges to trade the carbon credit certificates and decide on and notify the rules of trading periodically.

The key compliance requirements under CCTS 2023 are listed below.

(i) MoP, based on the recommendations from the BEE and NSCICM, will decide on the list of the sectors and the obligated entities who will be mandated to record and maintain the GHG emissions intensity data.

(ii) After duly considering the recommendations of the BEE and the NSCICM, the MoP will recommend the GHG emission intensity targets for the obligated entities to the MoEF&CC for notification under the Environment Protection Act, 1986.

(iii) The obligated entities will be required to achieve the GHG emission intensity targets notified by the MoEF&CC. The entities that over achieve the set targets will be issued carbon credit certificates and entities that fail to achieve the targets will meet the shortfall by purchasing the carbon credit certificates from the ICM. One carbon credit certificate will be equivalent to one tonne of CO2e (carbon dioxide equivalent).

(iv) The obligated entities will also be required to meet any other targets such as the use of non-fossil-based energy or reduction of specific energy consumption as may be notified by the MoP under the Energy Conservation Act, 2001 as amended periodically.

The takeaways

The ICM framework is likely to ensure long-term investments in GHG emissions reduction technologies, projects, and processes towards accelerated decarbonisation of the Indian economy. The CCTS 2023 will also incentivise progressive Indian companies who have already charted their low-carbon growth trajectories. The emphasis on reducing carbon emissions is in line with India's target to achieve its updated (NDC) by 2030 and its vision of becoming net zero by 2070. The framework for monitoring, reporting and verification of GHG emissions, and the criteria for issuance of carbon credit certificates including, but not limited to the validity, floor and forbearance price of the certificates will be outlined in the detailed procedures.

9.8 Green Credit Rules, 2023

The Green Credit Rules, 2023, notified on October 12, 2023, represent a significant commitment by India towards sustainable practices. Officially announced by the Ministry of Environment, Forest and Climate Change (MoEFCC), these rules aim to redefine the country's environmental landscape.

India has set ambitious goals to control carbon emissions intensity, aiming for a 45% reduction as per the Paris Agreement. Aligned with this vision, the country has developed a comprehensive strategy to achieve net-zero emissions by 2070, emphasising environmentally friendly practices. Central to this movement is LiFE (Lifestyle for Environment), a campaign motivating the public to adopt eco-friendly behaviours and actions.

In response to these initiatives, India introduced the Green Credit Programme, officially notified by the MoEFCC in October. This programme establishes a market-based incentive system to encourage diverse environment-positive actions. The Green Credit System incentivises individuals, organisations, and industries to undertake positive environmental measures, extending beyond carbon emissions reduction to encompass improvements in air and water quality, increased biodiversity, and more.

Similar to the market-based system for carbon credits, the Green Credits programme allows entities to claim credits for actions positively impacting the environment. These credits can be traded for financial benefits, creating a dynamic incentive structure applicable to water conservation and soil improvements.

Key objectives of Green Credit Rules 2023

The rules aim to launch a Green Credit (GC) programme on a national level to leverage a competitive market-based approach for GC and incentivise voluntary environmental actions by stakeholders. The GC programme is meant to complement the proposed Carbon Credit Trading Scheme (CCTS) introduced by the Energy Conservation (Amendment) Act, 2022.

The GCP aims to promote industries, companies, and other entities to purchase green credits to meet their obligations under other existing laws. The Green Credit Rules carry the following key objectives: incentivising environmentally positive actions, promoting sustainable practices, and increasing the green cover of the country. The GCP is part of several programmes and schemes India has launched in a bid to adhere to several of its international commitments.

Framework of the Green Credit Rules 2023

The framework of the Green Credits Rules aims to improve sustainable practices across the nation and is accessible to all. Imagine it like a stock exchange, but instead of shares, you trade credits earned for verified environmental contributions. Planting trees, reducing air pollution, managing waste – all these actions generate "Green Credits" that can be bought and sold on a dedicated platform.

This opens doors for everyone. Individuals register their green initiatives, from backyard composting to community clean-ups, earning credits recognized by the system. Businesses can offset their environmental footprint by buying these credits, creating a market for sustainability. The result? Cleaner air, healthier water, and a greener economy where every positive action gets its due.

But it's not just about rewards. The system tracks verified activities, ensuring transparency and accountability. This robust framework attracts investments and encourages innovation, making sustainable practices not just the right thing to do, but the smart thing too.

The Green Credit Rules are a bold step towards a greener future. Challenges remain, but the potential is immense. It's a future where every individual, every organization, can contribute, building a sustainable tomorrow not just for India but for the world.

Eligibility criteria for Green Credit

The beauty of the Green Credit programme is its inclusivity. Anyone can participate, from individuals and communities to businesses and industries. There are no rigid eligibility criteria, making it accessible to all who are passionate about environmental conservation. Several activities are eligible for Green Credits, categorised into eight key areas:

a. **Tree plantation:** Planting trees to combat deforestation and increase green cover.

b. **Water management:** Implementing water conservation techniques like rainwater harvesting.

c. **Sustainable agriculture:** Adopting eco-friendly farming practices.

d. **Waste management:** Promoting waste reduction, recycling, and composting.

e. **Air pollution reduction:** Initiatives that improve air quality.

f. **Mangrove conservation and restoration:** Protecting and reviving mangrove ecosystems.

g. **Eco-mark labelling:** Obtaining the eco-mark certification for products that meet stringent environmental standards.

h. **Sustainable building and infrastructure:** Constructing green buildings and infrastructure that minimise environmental impact.

The Green Credit programme is a win-win for all. Individuals and entities are rewarded for their eco-conscious efforts, while the environment benefits from increased sustainability practices. By participating, you can contribute to a greener future and earn recognition for your efforts.

While the Green Credit Rules present a forward-looking approach, challenges include potential conflicts with the Carbon Credit Trading Scheme (CCTS). Issues such as tenure fixation, benefit calculation, and dual accreditation authorities (ICFRE and CCTS) need careful consideration. Additionally, there is a need for awareness campaigns to address registration and verification challenges and potential market disparities.

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