



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

Background Material of
Certificate Course on

**Sustainability
& Business
Responsibility
& Sustainability
Reporting
(BRSR)**



Revised Edition 2025

Background Material on
**Sustainability and Business
Responsibility and Sustainability
Reporting (BRSR)**
(Revised Edition 2025)



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

In recent years, there has been a growing demand from stakeholders for greater corporate accountability regarding social and environmental impacts. Pressing issues such as climate change, gender equality, and environmental degradation have heightened awareness and activism worldwide. In response, Sustainability Reporting has emerged as a vital tool, encompassing the disclosure of an entity's non-financial performance in areas like Environment, Social, and Governance (ESG).

The effectiveness of Sustainability Reporting relies heavily on the quality, credibility and trustworthiness of information presented. To truly benefit stakeholders, sustainability reports must provide data that is fair, transparent, balanced, consistent, understandable, and comparable enabling informed decision-making and accountability for businesses.

India has taken a pioneering role in advancing sustainability reporting among listed entities. Initially introduced in 2012 with the Business Responsibility Report (BRR) mandated by the Securities and Exchange Board of India (SEBI), this framework has evolved significantly. In May 2021, SEBI introduced a transformative reporting requirement – the Business Responsibility and Sustainability Report (BRSR). The new reporting formats mark a substantial enhancement over the BRR, aiming to standardize disclosures and incorporate both quantitative and qualitative ESG parameters. Notably, SEBI has updated the BRSR format to include the new Key Performance Indicators (KPIs) under the BRSR Core. Starting from the financial year 2022-23, SEBI mandated the top 1,000 listed entities (by market capitalization) to disclose their sustainability performance in line with the updated BRSR format. Additionally, SEBI introduced the requirement of reasonable Assurance on Sustainability Reporting, marking a significant stride towards corporate transparency and accountability.

ICAI through the Sustainability Reporting Standards Board (SRSB) has played a pivotal role in enhancing the sustainability reporting ecosystem in the country. The specialized course introduced by the Board has received wide recognition and appreciation from members and stakeholders alike. To maintain its relevance, quality and impact, the course has undergone a comprehensive revision reflecting the latest regulatory developments and evolving industry needs.

In this revised edition, we have enriched the content with the latest regulatory updates, contemporary ESG topics, and the integration of Impact Finance. These additions reflect our continued commitment to equipping professionals with holistic guidance that aligns with the rapidly evolving landscape of sustainable business practices.

I extend my heartfelt appreciation to CA. Priti Paras Savla, Chairperson and CA. (Dr.) Sanjeev Kumar Singhal, Vice-Chairman, along with all other members of the Sustainability Reporting Standards Board for their valuable contributions. This updated material will serve as an



essential guide for our members, strengthening the foundation of sustainability discourse and fostering excellence in reporting practices.

Presenting the revised edition 2025 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.

September, 2025
Delhi

CA. Charanjot Singh Nanda
President, ICA

PREFACE

In an era marked by intensifying social and environmental challenges, stakeholders are placing growing emphasis on understanding how organizations approach sustainability and create long-term value. This shift has significantly increased expectations for transparent, credible, and decision-useful sustainability disclosures. Against this backdrop, sustainability reporting has emerged as a critical communication tool — not just for compliance, but for reflecting an organization’s values, ESG performance, strategic direction, and accountability mechanisms.

Sustainability reporting provides a holistic view of a business’s performance beyond financials, helping organizations articulate their environmental and social impact, risk management approaches, and governance practices. It strengthens competitive positioning, enhances stakeholder engagement, improves decision-making, and supports long-term business resilience.

India’s regulatory landscape has witnessed significant strides in this direction. The Securities and Exchange Board of India (SEBI) introduced the Business Responsibility and Sustainability Report (BRSR) to replace the earlier Business Responsibility Report (BRR), bringing ESG disclosures to the forefront of corporate transparency. The BRSR aims to standardize ESG disclosures across sectors and companies, thereby enhancing comparability, consistency, and accountability. SEBI has also introduced BRSR Core – a set of Key Performance Indicators (KPIs) focused on assured disclosures – and mandated assurance on BRSR Core for the top 1,000 listed entities (by market capitalization) on a glide path basis starting FY 2023–24 through FY 2026–27. India thus becomes the first country globally to mandate assurance on sustainability reporting.

Globally too, sustainability reporting is undergoing a rapid transformation, with developments such as the formation of the International Sustainability Standards Board (ISSB), the growing adoption of frameworks like the Global Reporting Initiative (GRI), and the mainstreaming of concepts like double materiality, value chain impacts, and impact finance.

In view of these dynamic shifts, the Sustainability Reporting Standards Board (SRSB) of the Institute of Chartered Accountants of India (ICAI) undertook a comprehensive review of the Certificate Course on Sustainability and BRSR. It was recognized that while the course has gained wide recognition and acceptance, the evolving global and domestic landscape necessitates a significant upgradation of both the course content and delivery mechanism. Accordingly, the background material for the course has been substantially revised to reflect updated SEBI requirements, enhanced disclosure expectations, global reporting developments, and emerging themes such as impact finance, responsible investment, and ESG assurance.

This revised edition 2025 of the **“Background Material on Sustainability and Business Responsibility and Sustainability Reporting (BRSR)”** also includes comprehensive mapping



with the Global Reporting Initiative (GRI) Standards and relevant international benchmarks, offering Chartered Accountants and professionals a robust understanding of both the Indian and global sustainability landscape.

We acknowledge with gratitude the visionary leadership of CA. Charanjot Singh Nanda, President, ICAI and CA. Prasanna Kumar D, Vice-President, ICAI for their continued support and encouragement to the initiatives of the Board.

We also place on record our sincere appreciation to all contributors to this background material: CA. Muskaan Jain, CA. Harsha Ramnani, Ms. Aanchal Mathur, Mr. Jeetendra Mirchandani, CA. S. Badri Narayanan, Mr. Vishal Bhavsar, CA. (Dr.) Rashmi Ainapur, CA. Heman Sabharwal, CA. Moni Bajaj and CA. Prakhar Gupta.

We thank the Secretary, SRSB, and the dedicated team of the SRSB for their commendable efforts in finalizing this publication.

We are confident that this revised background material will serve as a valuable resource for our members and stakeholders, equipping them with the knowledge, insights, and tools required to navigate the evolving sustainability reporting landscape and contribute meaningfully to the creation of resilient and responsible enterprises.

CA. Priti Paras Savla

Chairperson

Sustainability Reporting Standards Board, ICAI

CA. (Dr.) Sanjeev Kumar Singhal

Vice Chairman

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MODULE 1

INTRODUCTION TO SUSTAINABILITY REPORTING AND REGULATORY UPDATES

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.

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.”



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 stakeholders and 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, system-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

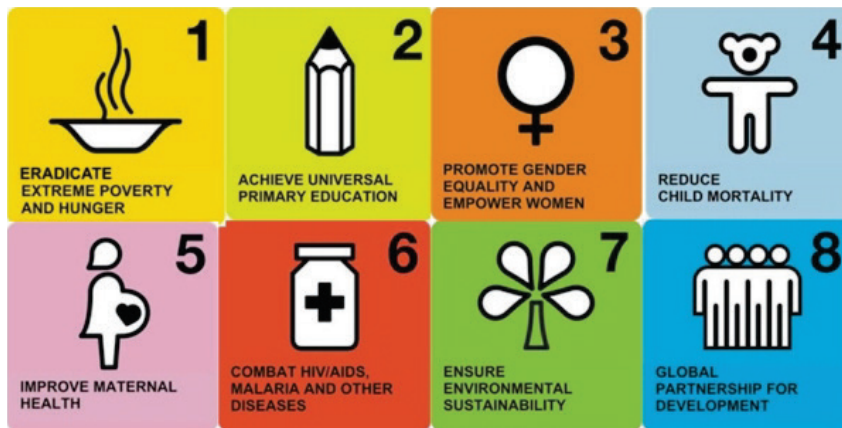
The United Nations developed the Sustainable Development Goals (SDGs) in 2015 as a global framework to mobilize and focus action towards a range of sustainable development challenges, including poverty, inequality, health, education and climate change. Alongside the signing of the Paris Agreement in the same year, the SDGs brought together 193 member countries to address global challenges in a concise yet comprehensive manner. The formulation of the SDGs was the outcome of years of collaboration between UN member countries and UN bodies such as the UN Department of Economic and Social Affairs. Earlier, at the Earth Summit in 1992 in Rio de Janeiro, Brazil, world leaders adopted Agenda 21, a comprehensive plan of action to build a global partnership for sustainable development, laying important groundwork for later initiatives like the SDGs.

The Evolution of the 17 SDG's s– Timeline

The SDGs build on decades of work by countries and the UN, including the UN Department of Economic and Social Affairs

(a) 2000 – The Millennium Summit, New York

At the Millennium Summit held in New York in 2000, the United Nations adopted the **Millennium Declaration**, elaborating eight **Millennium Development Goals (MDGs)** to address issues such as poverty, hunger, education, gender equality, child mortality, maternal health, disease, environmental sustainability, and global partnership for development. They also kick-started a global movement for free primary education, inspiring countries to invest in their future generations. Most significantly, the MDGs made huge strides in combatting HIV/AIDS and other treatable diseases such as malaria and tuberculosis.



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

(b) 2002 – World Summit on Sustainable Development, Johannesburg

At the 2002 Earth Summit in Johannesburg, South Africa, the global community adopted the **Johannesburg Declaration on Sustainable Development** and the **Plan of Implementation**, reaffirming commitments to poverty eradication, environmental protection, and the promotion of sustainable development, with an enhanced emphasis on multilateral partnerships.

(c) 2012 – United Nations Conference on Sustainable Development (Rio+20), Rio de Janeiro

In 2012, at the Rio+20 Summit, world leaders adopted the outcome document "**The Future We Want**," which initiated a formal process to develop a new set of **Sustainable Development Goals (SDGs)**. These goals were intended to build on the foundation of the MDGs, whose timeline was ending in 2015

(d) 2013 – Formation of the Open Working Group

A **thirty-member Open Working Group** was established in 2013 to propose the sustainable development goals. Through extensive consultations and negotiations, this group formulated the framework that would eventually become the 17 SDGs.

(e) 2015 – A Landmark Year for Sustainability

In 2015, multiple major global agreements were finalized:

- The Sendai Framework for Disaster Risk Reduction (March 2015)
- The Addis Ababa Action Agenda on Financing for Development (July 2015)



- The 2030 Agenda for Sustainable Development and the 17 SDGs (September 2015)
- The Paris Agreement on Climate Change (December 2015)

Now, The **High-Level Political Forum on Sustainable Development** (HLPF) serves as the central UN platform for the follow-up and review of the SDGs.

The main objective of the SDGs is to provide a comprehensive framework for promoting sustainable and inclusive growth globally, with a balanced focus on people, the economy, and the environment. Covering a wide range of issues — from hunger, poverty, health, and hygiene to collaboration and partnerships — the SDGs are broad in nature, yet allow each member country the flexibility to adapt and elaborate them according to their specific national priorities and circumstances.

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.



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 251 indicators listed in the global indicator framework. However, only 234 indicators are unique ones. Thirteen 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
GOAL 2: Zero Hunger 	End hunger, achieve food security and 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






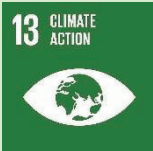

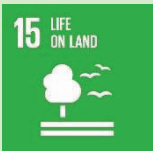
Planet and Prosperity – SDGs

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
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 and 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, and halt and reverse land degradation and halt biodiversity loss
	




Peace – SDGs 7

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	Indicators
1.1 By 2030, eradicate extreme poverty for all people everywhere, currently measured	1.1.1 Proportion of the population living below the international poverty line by sex, age,



as people living on less than \$1.25 a day.	employment status and geographical location (urban/rural)
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.	<p>1.2.1 Proportion of population living below the national poverty line, by sex and age</p> <p>1.2.2 Proportion of men, women and children of all ages living in poverty in all its dimensions according to national definitions</p>
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	1.3.1 Proportion of population covered by social protection floors/systems, by sex, distinguishing children, unemployed persons, older persons, persons with disabilities, pregnant women, newborns, work-injury victims and 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.	<p>1.4.1 Proportion of population living in households with access to basic services</p> <p>1.4.2 Proportion of total adult population with secure tenure rights to land, (a) with legally recognized documentation, and (b) who perceive their rights to land as secure, by sex and by type of tenure</p>
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.	<p>1.5.1 Number of deaths, missing persons and directly affected persons attributed to disasters per 100,000 population</p> <p>1.5.2 Direct economic loss attributed to disasters in relation to global gross domestic product (GDP)</p> <p>1.5.3 Number of countries that adopt and implement national disaster risk reduction strategies in line with the Sendai Framework for Disaster Risk Reduction 2015-2030</p> <p>1.5.4 Proportion of local governments that adopt and implement local disaster risk reduction strategies in line with national</p>



	disaster risk reduction strategies
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.a.1 Total official development assistance grants from all donors that focus on poverty reduction as a share of the recipient country's gross national income 1.a.2 Proportion of total government spending on essential services (education, health and social protection)
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.	1.b.1 Pro-poor public social spending

Goal 2 – Zero Hunger

Targets	Indicators
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	2.1.1 Prevalence of undernourishment 2.1.2 Prevalence of moderate or severe food insecurity in the population, based on the Food Insecurity Experience Scale (FIES)
2.2 By 2030, end all forms of malnutrition, including achieving, by 2025, the 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	2.2.1 Prevalence of stunting (height for age <-2 standard deviation from the median of the World Health Organization (WHO) Child Growth Standards) among children under 5 years of age 2.2.2 Prevalence of malnutrition (weight for height $>+2$ or <-2 standard deviation from the median of the WHO Child Growth Standards) among children under 5 years of age, by type (wasting and overweight) 2.2.3 Prevalence of anaemia in women aged 15 to 49 years, by pregnancy status (percentage)



<p>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.</p>	<p>2.3.1 Volume of production per labour unit by classes of farming/pastoral/forestry enterprise size</p> <p>2.3.2 Average income of small-scale food producers, by sex and indigenous status</p>
<p>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</p>	<p>2.4.1 Proportion of agricultural area under productive and sustainable agriculture</p>
<p>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</p>	<p>2.5.1 Number of (a) plant and (b) animal genetic resources for food and agriculture secured in either medium- or long-term conservation facilities</p> <p>2.5.2 Proportion of local breeds classified as being at risk of extinction</p>
<p>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</p>	<p>2.a.1 The agriculture orientation index for government expenditures</p> <p>2.a.2 Total official flows (official development assistance plus other official flows) to the agriculture sector</p>



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.b.1 Agricultural export subsidies
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	2.c.1 Indicator of food price anomalies

Goal 3 – Good Health and Well-being

Targets	Indicators
3.1 By 2030, reduce the global maternal mortality ratio to less than 70 per 100,000 live births	3.1.1 Maternal mortality ratio 3.1.2 Proportion of births attended by skilled health personnel
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	3.2.1 Under-five mortality rate 3.2.2 Neonatal mortality rate
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	3.3.1 Number of new HIV infections per 1,000 uninfected population, by sex, age and key populations 3.3.2 Tuberculosis incidence per 100,000 population 3.3.3 Malaria incidence per 1,000 population 3.3.4 Hepatitis B incidence per 100,000 population 3.3.5 Number of people requiring interventions against neglected tropical diseases



<p>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</p>	<p>3.4.1 Mortality rate attributed to cardiovascular disease, cancer, diabetes or chronic respiratory disease</p> <p>3.4.2 Suicide mortality rate</p>
<p>3.5 Strengthen the prevention and treatment of substance abuse, including narcotic drug abuse and harmful use of alcohol</p>	<p>3.5.1 Coverage of treatment interventions (pharmacological, psychosocial and rehabilitation and aftercare services) for substance use disorders</p> <p>3.5.2 Alcohol per capita consumption (aged 15 years and older) within a calendar year in litres of pure alcohol</p>
<p>3.6 By 2020, halve the number of global deaths and injuries from road traffic accidents</p>	<p>3.6.1 Death rate due to road traffic injuries</p>
<p>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</p>	<p>3.7.1 Proportion of women of reproductive age (aged 15-49 years) who have their need for family planning satisfied with modern methods</p> <p>3.7.2 Adolescent birth rate (aged 10-14 years; aged 15-19 years) per 1,000 women in that age group</p>
<p>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</p>	<p>3.8.1 Coverage of essential health services</p> <p>3.8.2 Proportion of population with large household expenditures on health as a share of total household expenditure or income</p>
<p>3.9 By 2030, substantially reduce the number of deaths and illnesses from hazardous chemicals and air, water and soil pollution and contamination</p>	<p>3.9.1 Mortality rate attributed to household and ambient air pollution</p> <p>3.9.2 Mortality rate attributed to unsafe water, unsafe sanitation and lack of hygiene (exposure to unsafe Water, Sanitation and Hygiene for All (WASH) services)</p> <p>3.9.3 Mortality rate attributed to unintentional poisoning</p>



3.a Strengthen the implementation of the World Health Organization Framework Convention on Tobacco Control in all countries, as appropriate	3.a.1 Age-standardized prevalence of current tobacco use among persons aged 15 years and older
3.b Support the research and development of vaccines and medicines for the communicable and non-communicable 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.b.1 Proportion of the target population covered by all vaccines included in their national programme 3.b.2 Total net official development assistance to medical research and basic health sectors 3.b.3 Proportion of health facilities that have a core set of relevant essential medicines available and affordable on a sustainable basis
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.c.1 Health worker density and distribution
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	3.d.1 International Health Regulations (IHR) capacity and health emergency preparedness 3.d.2 Percentage of bloodstream infections due to selected antimicrobial-resistant organisms

Goal 4 – Quality Education

Targets	Indicators
4.1 By 2030, ensure that all girls and boys complete free, equitable and quality primary and secondary education leading to relevant and effective learning	4.1.1 Proportion of children and young people (a) in grades 2/3; (b) at the end of primary; and (c) at the end of lower secondary achieving at least a minimum proficiency level



outcomes	in (i) reading and (ii) mathematics, by sex 4.1.2 Completion rate (primary education, lower secondary education, upper secondary education)
4.2 By 2030, ensure that all girls and boys have access to quality early childhood development, care and pre-primary education so that they are ready for primary education	4.2.1 Proportion of children aged 24–59 months who are developmentally on track in health, learning and psychosocial well-being, by sex 4.2.2 Participation rate in organized learning (one year before the official primary entry age), by sex
4.3 By 2030, ensure equal access for all women and men to affordable and quality technical, vocational and tertiary education, including university	4.3.1 Participation rate of youth and adults in formal and non-formal education and training in the previous 12 months, by sex
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	4.4.1 Proportion of youth and adults with information and communications technology (ICT) skills, by type of skill
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	4.5.1 Parity indices (female/male, rural/urban, bottom/top wealth quintile and others such as disability status, indigenous peoples and conflict-affected, as data become available) for all education indicators on this list that can be disaggregated
4.6 By 2030, ensure that all youth and a substantial proportion of adults, both men and women, achieve literacy and numeracy	4.6.1 Proportion of population in a given age group achieving at least a fixed level of proficiency in functional (a) literacy and (b) numeracy skills, by sex
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,	4.7.1 Extent to which (i) global citizenship education and (ii) education for sustainable development are mainstreamed in (a) national education policies; (b) curricula; (c) teacher education and (d) student assessment



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, non-violent, inclusive and effective learning environments for all	4.a.1 Proportion of schools offering basic services, by type of service
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.b.1 Volume of official development assistance flows for scholarships by sector and type of study
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	4.c.1 Proportion of teachers with the minimum required qualifications, by education level

Goal 5 – Gender Equality

Targets	Indicators
5.1 End all forms of discrimination against all women and girls everywhere	5.1.1 Whether or not legal frameworks are in place to promote, enforce and monitor equality and non-discrimination on the basis of sex
5.2 Eliminate all forms of violence against all women and girls in the public and private spheres, including trafficking and	5.2.1 Proportion of ever-partnered women and girls aged 15 years and older subjected to physical, sexual or psychological violence by



<p>sexual and other types of exploitation</p>	<p>a current or former intimate partner in the previous 12 months, by form of violence and by age</p> <p>5.2.2 Proportion of women and girls aged 15 years and older subjected to sexual violence by persons other than an intimate partner in the previous 12 months, by age and place of occurrence</p>
<p>5.3 Eliminate all harmful practices, such as child, early and forced marriage and female genital mutilation</p>	<p>5.3.1 Proportion of women aged 20-24 years who were married or in a union before age 15 and before age 18</p> <p>5.3.2 Proportion of girls and women aged 15-49 years who have undergone female genital mutilation/cutting, by age</p>
<p>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</p>	<p>5.4.1 Proportion of time spent on unpaid domestic and care work, by sex, age and location</p>
<p>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</p>	<p>5.5.1 Proportion of seats held by women in (a) national parliaments and (b) local governments</p> <p>5.5.2 Proportion of women in managerial positions</p>
<p>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</p>	<p>5.6.1 Proportion of women aged 15-49 years who make their own informed decisions regarding sexual relations, contraceptive use and reproductive health care</p> <p>5.6.2 Number of countries with laws and regulations that guarantee full and equal access to women and men aged 15 years and older to sexual and reproductive health care, information and education</p>
<p>5.a Undertake reforms to give women equal rights to economic resources, as</p>	<p>5.a.1 (a) Proportion of total agricultural population with ownership or secure rights</p>



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	over agricultural land, by sex; and (b) share of women among owners or rights-bearers of agricultural land, by type of tenure 5.a.2 Proportion of countries where the legal framework (including customary law) guarantees women's equal rights to land ownership and/or control
5.b Enhance the use of enabling technology, in particular information and communications technology, to promote the empowerment of women	5.b.1 Proportion of individuals who own a mobile telephone, by sex
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	5.c.1 Proportion of countries with systems to track and make public allocations for gender equality and women's empowerment

Goal 6 – Clean Water and Sanitation

Targets	Indicators
6.1 By 2030, achieve universal and equitable access to safe and affordable drinking water for all	6.1.1 Proportion of population using safely managed drinking water services
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	6.2.1 Proportion of population using (a) safely managed sanitation services and (b) a hand-washing facility with soap and water
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	6.3.1 Proportion of domestic and industrial wastewater flows safely treated 6.3.2 Proportion of bodies of water with good ambient water quality
6.4 By 2030, substantially increase water-use efficiency across all sectors and	6.4.1 Change in water-use efficiency over time



ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity	6.4.2 Level of water stress: freshwater withdrawal as a proportion of available freshwater resources
6.5 By 2030, implement integrated water resources management at all levels, including through transboundary cooperation as appropriate	6.5.1 Degree of integrated water resources management 6.5.2 Proportion of transboundary basin area with an operational arrangement for water cooperation
6.6 By 2020, protect and restore water-related ecosystems, including mountains, forests, wetlands, rivers, aquifers and lakes	6.6.1 Change in the extent of water-related ecosystems over time
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.a.1 Amount of water- and sanitation-related official development assistance that is part of a government-coordinated spending plan
6.b Support and strengthen the participation of local communities in improving water and sanitation management	6.b.1 Proportion of local administrative units with established and operational policies and procedures for participation of local communities in water and sanitation management

Goal 7 – Affordable and Clean Energy

Targets	Indicators
7.1 By 2030, ensure universal access to affordable, reliable and modern energy services	7.1.1 Proportion of population with access to electricity 7.1.2 Proportion of population with primary reliance on clean fuels and technology
7.2 By 2030, increase substantially the share of renewable energy in the global energy mix	7.2.1 Renewable energy share in the total final energy consumption



7.3 By 2030, double the global rate of improvement in energy efficiency	7.3.1 Energy intensity measured in terms of primary energy and GDP
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.a.1 International financial flows to developing countries in support of clean energy research and development and renewable energy production, including in hybrid systems
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	7.b.1 Installed renewable energy-generating capacity in developing and developed countries (in watts per capita)

Goal 8 – Decent Work and Economic Growth

Targets	Indicators
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	8.1.1 Annual growth rate of real GDP per capita
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	8.2.1 Annual growth rate of real GDP per employed person
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-	8.3.1 Proportion of informal employment in total employment, by sector and sex



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	8.4.1 Material footprint, material footprint per capita, and material footprint per GDP 8.4.2 Domestic material consumption, domestic material consumption per capita, and domestic material consumption per GDP
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	8.5.1 Average hourly earnings of female and male employees, by occupation, age and persons with disabilities 8.5.2 Unemployment rate, by sex, age and persons with disabilities
8.6 By 2020, substantially reduce the proportion of youth not in employment, education or training	8.6.1 Proportion of youth (aged 15-24 years) not in education, employment or training
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	8.7.1 Proportion and number of children aged 5-17 years engaged in child labour, by sex and age
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	8.8.1 Fatal and non-fatal occupational injuries per 100,000 workers, by sex and migrant status 8.8.2 Level of national compliance with labour rights (freedom of association and collective bargaining) based on International Labour Organization (ILO) textual sources and national legislation, by sex and migrant status
8.9 By 2030, devise and implement policies to promote sustainable tourism that creates jobs and promotes local culture and products	8.9.1 Tourism direct GDP as a proportion of total GDP and in growth rate



8.10 Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all	8.10.1 (a) Number of commercial bank branches per 100,000 adults and (b) number of automated teller machines (ATMs) per 100,000 adults 8.10.2 Proportion of adults (15 years and older) with an account at a bank or other financial institution or with a mobile-money-service provider
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.a.1 Aid for Trade commitments and disbursements
8.b By 2020, develop and operationalize a global strategy for youth employment and implement the Global Jobs Pact of the International Labour Organization	8.b.1 Existence of a developed and operationalized national strategy for youth employment, as a distinct strategy or as part of a national employment strategy

Goal 9 – Industry, Innovation and Infrastructure

Targets	Indicators
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	9.1.1 Proportion of the rural population who live within 2 km of an all-season road 9.1.2 Passenger and freight volumes, by mode of transport
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	9.2.1 Manufacturing value added as a proportion of GDP and per capita 9.2.2 Manufacturing employment as a proportion of total employment
9.3 Increase the access of small-scale industrial and other enterprises, in particular in developing countries, to financial services, including affordable	9.3.1 Proportion of small-scale industries in total industry value added 9.3.2 Proportion of small-scale industries with



credit, and their integration into value chains and markets	a loan or line of credit
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	9.4.1 CO ₂ emission per unit of value added
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	9.5.1 Research and development expenditure as a proportion of GDP 9.5.2 Researchers (in full-time equivalent) per million inhabitants
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	9.a.1 Total official international support (official development assistance plus other official flows) to infrastructure
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.b.1 Proportion of medium and high-tech industry value added in total value added
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	9.c.1 Proportion of population covered by a mobile network, by technology



Goal 10 – Reduced Inequalities

Targets	Indicators
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	10.1.1 Growth rates of household expenditure or income per capita among the bottom 40 per cent of the population and the total population
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	10.2.1 Proportion of people living below 50 per cent of median income, by sex, age and persons with disabilities
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	10.3.1 Proportion of population reporting having personally felt discriminated against or harassed within the previous 12 months on the basis of a ground of discrimination prohibited under international human rights law
10.4 Adopt policies, especially fiscal, wage and social protection policies, and progressively achieve greater equality	10.4.1 Labour share of GDP 10.4.2 Redistributive impact of fiscal policy
10.5 Improve the regulation and monitoring of global financial markets and institutions and strengthen the implementation of such regulations	10.5.1 Financial Soundness Indicators
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	10.6.1 Proportion of members and voting rights of developing countries in international organizations
10.7 Facilitate orderly, safe, regular and responsible migration and mobility of people, including through the implementation of planned and well-managed migration policies	10.7.1 Recruitment cost borne by employee as a proportion of monthly income earned in country of destination 10.7.2 Number of countries with migration policies that facilitate orderly, safe, regular



	<p>and responsible migration and mobility of people</p> <p>10.7.3 Number of people who died or disappeared in the process of migration towards an international destination</p> <p>10.7.4 Proportion of the population who are refugees, by country of origin</p>
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.a.1 Proportion of tariff lines applied to imports from least developed countries and developing countries with zero-tariff
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.b.1 Total resource flows for development, by recipient and donor countries and type of flow (e.g. official development assistance, foreign direct investment and other flows)
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	10.c.1 Remittance costs as a proportion of the amount remitted

Goal 11 – Sustainable Cities and Communities

Targets	Indicators
11.1 By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums	11.1.1 Proportion of urban population living in slums, informal settlements or inadequate housing
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	11.2.1 Proportion of population that has convenient access to public transport, by sex, age and persons with disabilities



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	11.3.1 Ratio of land consumption rate to population growth rate 11.3.2 Proportion of cities with a direct participation structure of civil society in urban planning and management that operate regularly and democratically
11.4 Strengthen efforts to protect and safeguard the world's cultural and natural heritage	11.4.1 Total per capita expenditure on the preservation, protection and conservation of all cultural and natural heritage, by source of funding (public, private), type of heritage (cultural, natural) and level of government (national, regional, and local/municipal)
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	11.5.1 Number of deaths, missing persons and directly affected persons attributed to disasters per 100,000 population 11.5.2 Direct economic loss attributed to disasters in relation to global domestic product (GDP) 11.5.3 (a) Damage to critical infrastructure and (b) number of disruptions to basic services, attributed to disasters
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	11.6.1 Proportion of municipal solid waste collected and managed in controlled facilities out of total municipal waste generated, by cities 11.6.2 Annual mean levels of fine particulate matter (e.g. PM _{2.5} and PM ₁₀) in cities (population weighted)
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	11.7.1 Average share of the built-up area of cities that is open space for public use for all, by sex, age and persons with disabilities 11.7.2 Proportion of persons victim of non-sexual or sexual harassment, by sex, age,



	disability status and place of occurrence, in the previous 12 months
11.a Support positive economic, social and environmental links between urban, peri-urban and rural areas by strengthening national and regional development planning	11.a.1 Number of countries that have national urban policies or regional development plans that (a) respond to population dynamics; (b) ensure balanced territorial development; and (c) increase local fiscal space
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.b.1 Number of countries that adopt and implement national disaster risk reduction strategies in line with the Sendai Framework for Disaster Risk Reduction 2015–2030 11.b.2 Proportion of local governments that adopt and implement local disaster risk reduction strategies in line with national disaster risk reduction strategies
11.c Support least developed countries, including through financial and technical assistance, in building sustainable and resilient buildings utilizing local material	

Goal 12 – Responsible Consumption and Production

Targets	Indicators
12.1 Implement the 10-Year Framework of Programmes on Sustainable Consumption and Production Patterns, all countries taking action, with developed countries taking the lead, taking into account the development and capabilities of developing countries	12.1.1 Number of countries developing, adopting or implementing policy instruments aimed at supporting the shift to sustainable consumption and production
12.2 By 2030, achieve the sustainable management and efficient use of natural resources	12.2.1 Material footprint, material footprint per capita, and material footprint per GDP 12.2.2 Domestic material consumption, domestic material consumption per capita,



	and domestic material consumption per GDP
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	12.3.1 (a) Food loss index and (b) food waste index
12.4 By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimize their adverse impacts on human health and the environment	12.4.1 Number of parties to international multilateral environmental agreements on hazardous waste, and other chemicals that meet their commitments and obligations in transmitting information as required by each relevant agreement 12.4.2 (a) Hazardous waste generated per capita; and (b) proportion of hazardous waste treated, by type of treatment
12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse	12.5.1 National recycling rate, tons of material recycled
12.6 Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle	12.6.1 Number of companies publishing sustainability reports
12.7 Promote public procurement practices that are sustainable, in accordance with national policies and priorities	12.7.1 Number of countries implementing sustainable public procurement policies and action plans
12.8 By 2030, ensure that people everywhere have the relevant information and awareness for sustainable development and lifestyles in harmony with nature	12.8.1 Extent to which (i) global citizenship education and (ii) education for sustainable development are mainstreamed in (a) national education policies; (b) curricula; (c) teacher education; and (d) student assessment
12.a Support developing countries to strengthen their scientific and technological capacity to move towards more sustainable patterns of consumption and production	12.a.1 Installed renewable energy-generating capacity in developing and developed countries (in watts per capita)



12.b Develop and implement tools to monitor sustainable development impacts for sustainable tourism that creates jobs and promotes local culture and products	12.b.1 Implementation of standard accounting tools to monitor the economic and environmental aspects of tourism sustainability
12.c Rationalize inefficient fossil-fuel subsidies that encourage wasteful consumption by removing market distortions, in accordance with national circumstances, including by restructuring taxation and phasing out 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	12.c.1 Amount of fossil-fuel subsidies (production and consumption) per unit of GDP

Goal 13 – Climate Action

Targets	Indicators
13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries	<p>13.1.1 Number of deaths, missing persons and directly affected persons attributed to disasters per 100,000 population</p> <p>13.1.2 Number of countries that adopt and implement national disaster risk reduction strategies in line with the Sendai Framework for Disaster Risk Reduction 2015–2030</p> <p>13.1.3 Proportion of local governments that adopt and implement local disaster risk reduction strategies in line with national disaster risk reduction strategies</p>
13.2 Integrate climate change measures into national policies, strategies and planning	13.2.1 Number of countries with nationally determined contributions, long-term strategies, national adaptation plans and adaptation communications, as reported to the secretariat of the United Nations Framework Convention on Climate Change



	13.2.2 Total greenhouse gas emissions per year
13.3 Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning	13.3.1 Extent to which (i) global citizenship education and (ii) education for sustainable development are mainstreamed in (a) national education policies; (b) curricula; (c) teacher education; and (d) student assessment
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.a.1 Amounts provided and mobilized in United States dollars per year in relation to the continued existing collective mobilization goal of the \$100 billion commitment through to 2025
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;	13.b.1 Number of least developed countries and small island developing States with nationally determined contributions, long-term strategies, national adaptation plans and adaptation communications, as reported to the secretariat of the United Nations Framework Convention on Climate Change

Goal 14 – Life below Water

Targets	Indicators
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	14.1.1 (a) Index of coastal eutrophication; and (b) plastic debris density
14.2 By 2020, sustainably manage and protect marine and coastal ecosystems to avoid significant adverse impacts,	14.2.1 Number of countries using ecosystem-based approaches to managing marine areas



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	14.3.1 Average marine acidity (pH) measured at agreed suite of representative sampling stations
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	14.4.1 Proportion of fish stocks within biologically sustainable levels
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	14.5.1 Coverage of protected areas in relation to marine areas
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 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	14.6.1 Degree of implementation of international instruments aiming to combat illegal, unreported and unregulated fishing
14.7 By 2030, increase the economic benefits to Small Island developing States	14.7.1 Sustainable fisheries as a proportion of GDP in small island developing States, least



and least developed countries from the sustainable use of marine resources, including through sustainable management of fisheries, aquaculture and tourism	developed countries and all countries
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.a.1 Proportion of total research budget allocated to research in the field of marine technology
14.b Provide access for small-scale artisanal fishers to marine resources and markets	14.b.1 Degree of application of a legal/regulatory/policy/institutional framework which recognizes and protects access rights for small-scale fisheries
14.c Enhance the conservation and sustainable use of oceans and their resources by implementing international law as reflected in United Nations Convention on the Law of the Sea, 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"	14.c.1 Number of countries making progress in ratifying, accepting and implementing through legal, policy and institutional frameworks, ocean-related instruments that implement international law, as reflected in the United Nations Convention on the Law of the Sea, for the conservation and sustainable use of the oceans and their resources

Goal 15 – Life on Land

Targets	Indicators
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	15.1.1 Forest area as a proportion of total land area 15.1.2 Proportion of important sites for terrestrial and freshwater biodiversity that are covered by protected areas, by ecosystem



and drylands, in line with obligations under international agreements	type
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	15.2.1 Progress towards sustainable forest management
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	15.3.1 Proportion of land that is degraded over total land area
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	15.4.1 Coverage by protected areas of important sites for mountain biodiversity 15.4.2 Mountain Green Cover Index
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	15.5.1 Red List Index
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	15.6.1 Number of countries that have adopted legislative, administrative and policy frameworks to ensure fair and equitable sharing of benefits
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	15.7.1 Proportion of traded wildlife that was poached or illicitly trafficked
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	15.8.1 Proportion of countries adopting relevant national legislation and adequately resourcing the prevention or control of invasive alien species



15.9 By 2020, integrate ecosystem and biodiversity values into national and local planning, development processes, poverty reduction strategies and accounts	15.9.1 (a) Number of countries that have established national targets in accordance with or similar to Aichi Biodiversity Target 2 of the Strategic Plan for Biodiversity 2011–2020 in their national biodiversity strategy and action plans and the progress reported towards these targets; and (b) integration of biodiversity into national accounting and reporting systems, defined as implementation of the System of Environmental-Economic Accounting
15.a Mobilize and significantly increase financial resources from all sources to conserve and sustainably use biodiversity and ecosystems	15.a.1 (a) Official development assistance on conservation and sustainable use of biodiversity; and (b) revenue generated and finance mobilized from biodiversity-relevant economic instruments
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.b.1 (a) Official development assistance on conservation and sustainable use of biodiversity; and (b) revenue generated and finance mobilized from biodiversity-relevant economic instruments
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	15.c.1 Proportion of traded wildlife that was poached or illicitly trafficked

Goal 16 – Peace, Justice and Strong Institutions

Targets	Indicators
16.1 Significantly reduce all forms of violence and related death rates everywhere	16.1.1 Number of victims of intentional homicide per 100,000 population, by sex and age 16.1.2 Conflict-related deaths per 100,000 population, by sex, age and cause



	<p>16.1.3 Proportion of population subjected to (a) physical violence, (b) psychological violence and/or (c) sexual violence in the previous 12 months</p> <p>16.1.4 Proportion of population that feel safe walking alone around the area they live after dark</p>
16.2 End abuse, exploitation, trafficking and all forms of violence against and torture of children	<p>16.2.1 Proportion of children aged 1–17 years who experienced any physical punishment and/or psychological aggression by caregivers in the past month</p> <p>16.2.2 Number of victims of human trafficking per 100,000 population, by sex, age and form of exploitation</p> <p>16.2.3 Proportion of young women and men aged 18–29 years who experienced sexual violence by age 18</p>
16.3 Promote the rule of law at the national and international levels and ensure equal access to justice for all	<p>16.3.1 Proportion of victims of (a) physical, (b) psychological and/or (c) sexual violence in the previous 12 months who reported their victimization to competent authorities or other officially recognized conflict resolution mechanisms</p> <p>16.3.2 Unsentenced detainees as a proportion of overall prison population</p> <p>16.3.3 Proportion of the population who have experienced a dispute in the past two years and who accessed a formal or informal dispute resolution mechanism, by type of mechanism</p>
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	<p>16.4.1 Total value of inward and outward illicit financial flows (in current United States dollars)</p> <p>16.4.2 Proportion of seized, found or surrendered arms whose illicit origin or context has been traced or established by a competent authority in line with international instruments</p>



16.5 Substantially reduce corruption and bribery in all their forms	16.5.1 Proportion of persons who had at least one contact with a public official and who paid a bribe to a public official, or were asked for a bribe by those public officials, during the previous 12 months 16.5.2 Proportion of businesses that had at least one contact with a public official and that paid a bribe to a public official, or were asked for a bribe by those public officials during the previous 12 months
16.6 Develop effective, accountable and transparent institutions at all levels	16.6.1 Primary government expenditures as a proportion of original approved budget, by sector (or by budget codes or similar) 16.6.2 Proportion of population satisfied with their last experience of public services
16.7 Ensure responsive, inclusive, participatory and representative decision-making at all levels	16.7.1 Proportions of positions in national and local institutions, including (a) the legislatures; (b) the public service; and (c) the judiciary, compared to national distributions, by sex, age, persons with disabilities and population groups 16.7.2 Proportion of population who believe decision-making is inclusive and responsive, by sex, age, disability and population group
16.8 Broaden and strengthen the participation of developing countries in the institutions of global governance	16.8.1 Proportion of members and voting rights of developing countries in international organizations
16.9 By 2030, provide legal identity for all, including birth registration	16.9.1 Proportion of children under 5 years of age whose births have been registered with a civil authority, by age
16.10 Ensure public access to information and protect fundamental freedoms, in accordance with national legislation and international agreements	16.10.1 Number of verified cases of killing, kidnapping, enforced disappearance, arbitrary detention and torture of journalists, associated media personnel, trade unionists and human rights advocates in the previous 12 months 16.10.2 Number of countries that adopt and implement constitutional, statutory and/or



	policy guarantees for public access to information
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.a.1 Existence of independent national human rights institutions in compliance with the Paris Principles
16.b Promote and enforce non-discriminatory laws and policies for sustainable development	16.b.1 Proportion of population reporting having personally felt discriminated against or harassed in the previous 12 months on the basis of a ground of discrimination prohibited under international human rights law

Goal 17 – Partnerships for the Goals

Targets	Indicators
17.1 Strengthen domestic resource mobilization, including through international support to developing countries, to improve domestic capacity for tax and other revenue collection	17.1.1 Total government revenue as a proportion of GDP, by source 17.1.2 Proportion of domestic budget funded by domestic taxes
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	17.2.1 Net official development assistance, total and to least developed countries, as a proportion of the Organization for Economic Cooperation and Development (OECD) Development Assistance Committee donors' gross national income (GNI)
17.3 Mobilize additional financial resources for developing countries from multiple sources	17.3.1 Additional financial resources mobilized for developing countries from multiple sources 17.3.2 Volume of remittances (in United States dollars) as a proportion of total GDP



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	17.4.1 Debt service as a proportion of exports of goods and services
17.5 Adopt and implement investment promotion regimes for least developed countries	17.5.1 Number of countries that adopt and implement investment promotion regimes for developing countries, including the least developed countries
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 existing mechanisms, in particular at the United Nations level, and through a global technology facilitation mechanism	17.6.1 Fixed broadband subscriptions per 100 inhabitants, by speed
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	17.7.1 Total amount of funding for developing countries to promote the development, transfer, dissemination and diffusion of environmentally sound technologies
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	17.8.1 Proportion of individuals using the Internet
17.9 Enhance international support for implementing effective and targeted	17.9.1 Dollar value of financial and technical assistance (including through North-South,



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	South-South and triangular cooperation) committed to developing countries
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	17.10.1 Worldwide weighted tariff-average
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	17.11.1 Developing countries' and least developed countries' share of global exports
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	17.12.1 Weighted average tariffs faced by developing countries, least developed countries and small island developing States
17.13 Enhance global macroeconomic stability, including through policy coordination and policy coherence	17.13.1 Macroeconomic Dashboard
17.14 Enhance policy coherence for sustainable development	17.14.1 Number of countries with mechanisms in place to enhance policy coherence of sustainable development
17.15 Respect each country's policy space and leadership to establish and implement policies for poverty eradication and sustainable development	17.15.1 Extent of use of country-owned results frameworks and planning tools by providers of development cooperation
17.16 Enhance the Global Partnership for Sustainable Development, complemented	17.16.1 Number of countries reporting progress in multi-stakeholder development



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	effectiveness monitoring frameworks that support the achievement of the Sustainable Development Goals
17.17 Encourage and promote effective public, public-private and civil society partnerships, building on the experience and resourcing strategies of partnerships;	17.17.1 Amount in United States dollars committed to public-private partnerships for infrastructure
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	<p>17.18.1 Statistical capacity indicators</p> <p>17.18.2 Number of countries that have national statistical legislation that complies with the Fundamental Principles of Official Statistics</p> <p>17.18.3 Number of countries with a national statistical plan that is fully funded and under implementation, by source of funding</p>
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	<p>17.19.1 Dollar value of all resources made available to strengthen statistical capacity in developing countries</p> <p>17.19.2 Proportion of countries that (a) have conducted at least one population and housing census in the last 10 years; and (b) have achieved 100 per cent birth registration and 80 per cent death registration.</p>

Source - <https://sdgs.un.org/goals>

India and SDG's

NITI Aayog serves as the nodal institution for implementing and monitoring the SDGs in India, advancing the 2030 Agenda through cooperative and competitive federalism. It tracks State and UT performance via tools like the **SDG India Index**, **North-Eastern Region District SDG Index**, and the **National Multidimensional Poverty Index (MPI)**. These indices promote SDG localisation, benchmark progress, and highlight developmental gaps, fostering targeted interventions and healthy competition.



India's SDG-wise performance can be accessed at - <https://www.niti.gov.in/overview-sustainable-development-goals>.

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") discussed later in the modules, "Sustainability Reporting is an overview of a company's economic, environmental, and social impacts, caused by its everyday activities". It goes beyond merely presenting collected data – it reflects an organization's commitment to sustainability and demonstrates its efforts transparently to interested parties. Sustainability reporting enables organizations to assess, measure, analyze, and communicate their performance across economic, environmental, social, and governance parameters, with the objective of setting challenging targets and driving continuous improvement.

In today's landscape, major institutional investors increasingly review non-financial data before making investment decisions in new ventures.

Historically, companies prioritized only economic growth, viewing it as distinct from social and environmental concerns. However, certain sectors — particularly chemicals and tobacco — were early adopters of non-financial disclosures. A pivotal shift came with the United Nations' 2004 report, "**Who Cares Wins**," which helped bring **Environmental, Social, and Governance (ESG)** issues into the mainstream corporate and investment agenda.

Need for Sustainability Reporting

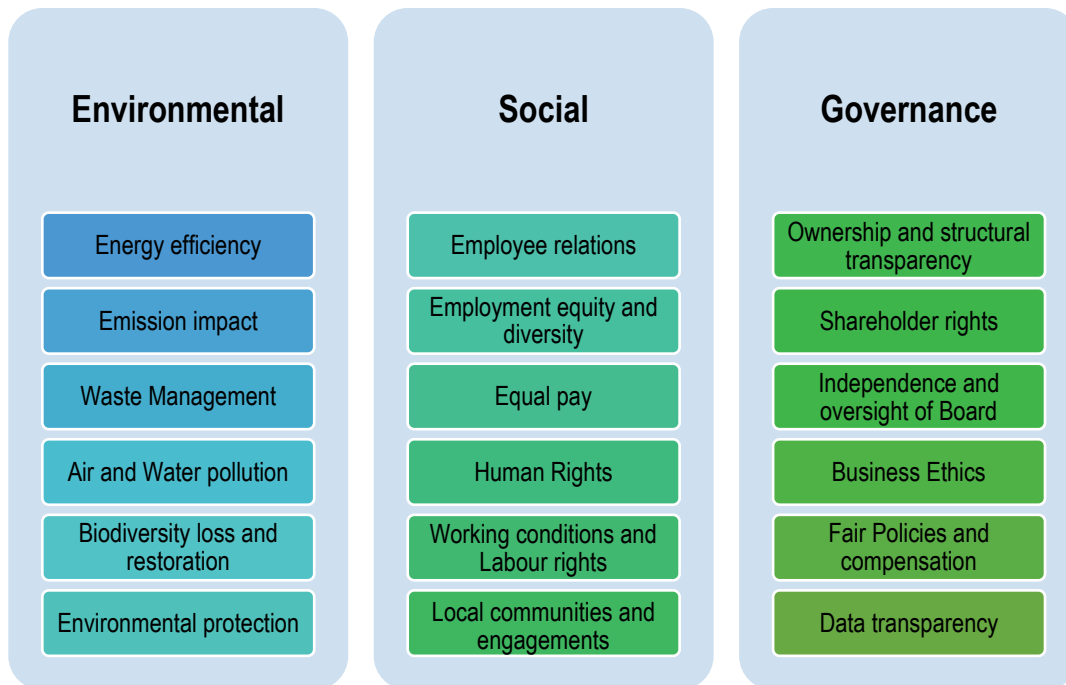
In today's interconnected world, where social media empowers rapid verification and scrutiny, organizations can no longer make claims about their sustainability performance without providing credible and measurable information. Companies are increasingly expected to be transparent about the risks and opportunities they encounter, particularly regarding the potential environmental and social impacts of their operations.

Since 2020, there has been a growing push from the United Nations (UN) to align ESG data with the Sustainable Development Goals (SDGs), building on foundational work that dates back to the 1980s. In less than two decades, the ESG movement has evolved from a corporate social responsibility initiative into a global phenomenon, influencing investment and corporate strategies worldwide.

According to the Organisation for Economic Co-operation and Development (OECD), companies that demonstrate strong performance against ESG criteria — and communicate it effectively — tend to achieve better financial outcomes. Looking ahead, three major trends are expected to shape the future of the sustainability reporting landscape:



- Consolidation among reporting standard-setters,
- Regulation increasingly focused on ESG-related disclosures, and
- Maturation of ESG data and disclosures, particularly within private markets.



1.4.2 Purpose and Objective of Sustainability Reporting

The specific purpose and objectives for sustainability reporting vary across organizations, but broadly, it aims to build trust among interested parties such as financial and capital providers, customers, regulatory bodies, vendors and subcontractors, employees, affected communities, civil societies, and the general public. The key objectives of sustainability reporting are outlined below:



(a) Customer Satisfaction and Retention:

People are more likely to purchase products and services from organisations that are perceived to prevent pollution, conserve natural resources, and give back to the community. Such goodwill and reputation are built over years of consistent effort in attracting and retaining customers, particularly those with conscious buying habits.

The sustainability report is an effective way of demonstrating an organisation's committed and sensitivity to environmental and social issues. With more customers now valuing environmentally and socially responsible practices, sustainability reporting plays an important role in attracting and retaining them.

(b) Gain a Competitive Advantage:

Transparency about operations, supply chains, and sourcing can differentiate an organisation in today's competitive market. To emphasize uniqueness, many organisations now set policies to select environmentally and socially responsible suppliers, subcontractors, and service providers.

An organisation with credible reporting on its sustainability practices can attract investments from major players in the market. However, the effectiveness of sustainable reporting may vary depending 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 reflects a company's accountability for its environmental, social, and governance commitments. Specific goals, aligned with measurable indicators and relevant to the organisation's business, are much more likely to be achieved. This also strengthens the company's credibility when seeking financial assistance from banks and investors, or technological tie-ups with other organisations.



Example: The 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 rather than those focused solely on economic growth. When employees trust their management's commitment to sustainability, they demonstrate higher levels of satisfaction and engagement with their work. Additionally, employees who contribute to initiatives like conserving power, water, or paper, and see their efforts recognized in the sustainability report, experience a stronger sense of belonging and participation.

Third-party agencies also publish listings such as "companies that are good to work for," helping sustainable companies attract and retain top talent.

(e) Provide specific information instead of Greenwashing:

Organizations often use generic terms and labels like "organic", "natural", or "eco-friendly" for branding purposes. When such claims are not backed by measurable evidence, it constitutes "greenwashing." In contrast, sustainability reports provide specific, verifiable information with measurable indicators.

For example, "The initiatives offset greenhouse gas emission of 100,000 tons of carbon dioxide every year" is far more specific and credible than simply stating "Eco-friendly".

Several major firms have faced repercussions for greenwashing. For instance, in 2020, H&M was fined in Germany for advertising products as "sustainable" without adequate evidence. Similarly, L'Oréal faced criticism and potential legal action over claims that some skincare products marketed as organic contained synthetic chemicals.

(f) Demonstrate Progress:

Sustainability reports make an organisation's sustainable efforts tangible and measurable for readers. They showcase the organization's progress across various parameters, thereby creating a positive image and commanding greater investor confidence. Interested parties can review the company's growth over previous periods — just as they do with financial reports — and make informed decisions.

1.5 NATIONAL GUIDELINES ON RESPONSIBLE BUSINESS CONDUCT (NGRBC)

1.5.1 Background to NGBRC

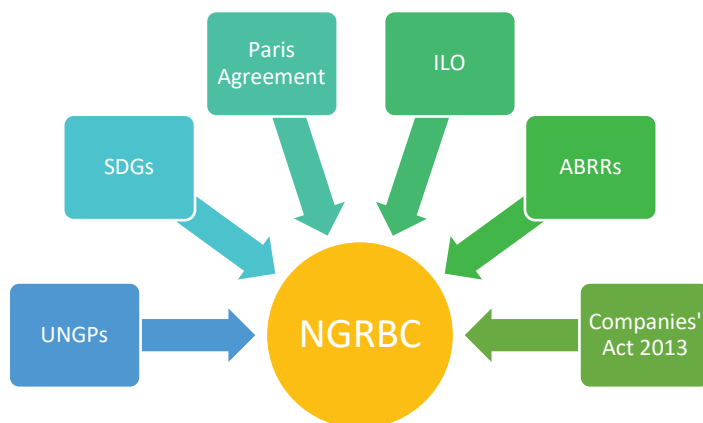
Understanding the NGBRC is essential for appreciating the BRSR reporting framework and is therefore discussed in this chapter. As international standards, frameworks, commitments and domestic regulatory requirements continued to evolve demand greater transparency, the



Ministry of Corporate Affairs (MCA) issued the 'National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business, 2011' (NVGs). In March 2019, these were updated and released as the 'National Guidelines for Responsible Business Conduct' (NGRBCs).

The NGRBC is designed to help businesses operate beyond mere regulatory compliance. These guidelines provide a strategic framework for adopting responsible practices, promoting environmental sustainability, and contributing to the achievement of the UN SDGs, ultimately fostering a positive impact on society and the planet.

Key change drivers of the NGRBC



*UNGPs – UN Guiding Principles for Business and Human Rights

*SDGs – Sustainable Development Goals

*ILO – International Labor Organisation

*ABRs – Annual Business Responsibility Report

1.5.2. Structure

The National Governance on Responsible Business Conduct (NGRBC) framework is structured into two main chapters and a comprehensive set of annexures.

- **Chapter 1** provides the introduction, outlining the context, background, and evolution of the NGRBC guidelines, along with the key drivers behind their development.
- **Chapter 2** focuses on the core elements and elaborates on the nine foundational principles of the NGRBC.
- **Annexures** offer detailed, practical guidance to help businesses effectively adopt and implement the guidelines within 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

Principle 1 – Businesses should conduct and govern themselves with integrity, and in a manner that is ethical, transparent, and accountable.	Core Elements
<p>This Principle recognizes that ethical behaviour across all operations, functions, and processes is the cornerstone of businesses in fulfilling their economic, social, and environmental responsibilities. It emphasizes that transparent disclosures on business decisions and actions impacting stakeholders are fundamental to responsible business conduct and should be accessible to all relevant stakeholders.</p> <p>The Principle acknowledges that businesses are an integral part of society and must hold themselves accountable for effectively adopting, implementing, and disclosing their performance on the Core Elements of these Guidelines.</p> <p>It further stresses that the governance structure of the business should support this, in line with SDG 16.</p>	<p>The governing structure of the organisation should:</p> <ul style="list-style-type: none"> • Develop and put in place structures, policies and procedures that promote this Principle, prevent its contravention and effect prompt and fair action against any transgressions. • Ensure that the Principles of these Guidelines are understood, adopted and implemented throughout the operations of their business. • Promote the adoption of this Principle across the value chain of their business. • Disclose and communicate transparently and enable access to information about the policies, procedures, performance (financial and non-financial), and decisions of their enterprise, that impact their stakeholders, especially those that are most at risk to business impacts and communities that are vulnerable and marginalized. • Take responsibility for meeting all its statutory obligations in line with the spirit of the law, enabling fair competition and ensuring it treats all its stakeholders in an equitable manner. • Ensure that the business avoids complicity with the actions of any third party that violates any of the Principles contained in these Guidelines.



	<ul style="list-style-type: none"> • Put in place appropriate structures, policies and procedures to address conflicts of interest involving its members, employees and business partners. • Put in place appropriate structures, codes, policies, and procedures to ensure that the business does not engage in illegal and abusive practices, bribery and corruption, and ensure timely and fair action in case such transgressions are detected. • Ensure that the business contributes to public finances by timely and complete payment of all applicable taxes in the letter and spirit of the laws and regulations governing such payments.
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Principle 2 – Businesses should provide goods and services in a manner that is sustainable and safe.	Core Elements
<p>This Principle recognizes the proposition of SDG 12 that sustainable production and consumption are interrelated, enhance quality of life, and contribute to the protection and preservation of earth's natural resources.</p> <p>It emphasizes that businesses should prioritize safety and resource-efficiency in product design and manufacturing and ensure product use that creates value while minimizing and mitigating adverse environmental and social impacts throughout the product life cycle—from design to final disposal.</p> <p>The Principle encourages businesses to gradually adopt circularity in all operations and to understand all material sustainability issues across their product life cycle and value chain.</p>	<ul style="list-style-type: none"> • Businesses should, in designing, producing and making available goods and services, endeavour to ensure that resource-efficient and low-carbon processes and technologies are deployed to minimize adverse environmental and social impacts. • Businesses should provide stakeholders across the value chain with adequate information about environmental and social issues and impacts across product life cycle from design to disposal. This may be done through appropriate and relevant tools such as certifications, labels, ratings and other communication and disclosure platforms including reports, websites, etc. • Businesses should increasingly take responsibility for the safe collection, reuse and recycling of their products at life so as



	to build a circular economy as a part of the notion of extended producer responsibility that is increasingly becoming a part of regulation in India and globally.
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Principle 3 – Businesses should respect and promote the well-being of all employees, including those in their value chains.	Core Elements
<p>This Principle encompasses all policies and practices relating to the equity, dignity and well-being, and provision of decent work (as indicated in SDG 8), of all employees engaged within a business or in its value chain, without any discrimination and in a way that promotes diversity. The principle recognizes that the well-being of an employee also includes the well being of her/his family.</p>	<ul style="list-style-type: none"> • The Governance Structure should ensure that the business complies with all regulatory requirements pertaining to its employees, and that there are systems and processes in place to enable this to be done by its value chain partners. • Businesses should ensure equal opportunities at the time of recruitment, during the course of employment, and at the time of separation without any discrimination. • Businesses should promote and respect the right to freedom of association, participation of workers, and collective bargaining of all employees including contract and casual labour and provide access to appropriate grievance redressal mechanisms. • Businesses should not use child labour, coercive or forced labour, or any form of involuntary labour, paid or unpaid. • Businesses should put systems and processes in place to support the work-life balance of all its employees. • Businesses should ensure fair, timely and transparent payment of statutory wages of all its employees, including contract and casual labour without discrimination.



	<ul style="list-style-type: none"> • Businesses should aspire to pay fair living wages to meet basic needs and economic security of all employees, including casual and contract labour. • Businesses should provide a workplace “environment that is safe, hygienic, accessible to the” - there is no space between the words differently abled and which upholds the dignity of the employees. Businesses should engage and consult with their employees on this provision. • Businesses should ensure continuous upgradation of skill and competence of all employees by providing access to necessary learning opportunities, on an equal and non discriminatory basis. They should promote career development through human resource interventions. • Businesses should create systems and practices to ensure a humane workplace free from, violence and harassment (including sexual harassment); a workplace where employees feel safe and secure, with adequate provisions for grievance redressal
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Principle 4 – Businesses should respect the interests of and be responsive to all its stakeholders	Core Elements
<p>This Principle recognizes that businesses operate within an ecosystem of multiple stakeholders—including communities, natural resources, and the environment—beyond just shareholders and investors. It acknowledges the responsibility of businesses to protect the interests of all stakeholders, particularly those who are</p>	<ul style="list-style-type: none"> • Governance Structures should ensure that the business acknowledges, assumes responsibility, and is transparent about the impact of their policies, decisions, products and associated operations on all stakeholders, and the natural environment. • Businesses should develop systems, processes and mechanisms to identify its



vulnerable and marginalized.

The Principle further emphasizes that businesses must strive to maximize their positive impacts and minimize and mitigate any adverse impacts of their products, operations, and practices on all stakeholders.

stakeholders, understand their expectations and concerns, define the purpose and scope of the engagement, consult with them in developing policies and processes that impact them, and commit to resolving any differences and redressing grievances in a just, fair and constructive manner.

- Businesses should enable all stakeholders to benefit fairly from the value generated by the businesses, and any conflicts or differences arising from the impact of business operations or the sharing of the value generated by the businesses should be resolved in a just, fair and equitable manner.

Principle 5 – Businesses should respect and promote human rights.

Core Elements

This Principle recognizes that human rights are inherent to all human beings, and that everyone is entitled to these rights without discrimination.

It acknowledges that human rights are inalienable, interrelated, interdependent, and indivisible. Inspired by the Constitution of India and the International Bill of Rights, it affirms the State's primary duty to protect and fulfill human rights.

The Principle, informed by the UN Guiding Principles on Business and Human Rights, emphasizes that businesses must respect human rights by avoiding adverse impacts and addressing any that occur.

It urges businesses to be particularly responsive to individuals or groups most vulnerable to human rights violations.

- The Governance Structure should ensure that the business undertakes to make its employees aware of the human rights content of the Constitution of India, relevant national laws and policies, and the International Bill of Human Rights and their application to businesses as outlined in the United Nations Guiding Principles for Business and Human Rights. It should further ensure that the responsibility for addressing such impacts is assigned to the appropriate level and function within the business.

- The Governance Structure should ensure that the business has in place such policies, structures and procedures that demonstrate respect for the human rights of all stakeholders impacted by its business. This includes carrying out



	<p>human rights due diligence to identify, prevent, mitigate and account for how they address adverse human rights impacts.</p> <ul style="list-style-type: none"> • The Governance Structure should ensure that their business, where it is causing, contributing or otherwise linked to adverse human rights impacts, takes corrective actions to address such impacts. • Businesses should promote the awareness and realization of human rights across its value chain. • Businesses should ensure that all individuals and groups whose human rights are impacted by them have access to effective grievance redressal mechanisms.
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Principle 6 – Businesses should respect and make efforts to protect and restore the environment.	Core Principle
<p>This Principle highlights that environmental responsibility is essential for sustainable economic growth and societal well-being.</p> <p>It urges businesses to address interconnected environmental issues—such as pollution, biodiversity, resource use, and climate change—through a just and systematic approach, aligned with SDGs 11, 13, 14, and 15.</p> <p>Businesses are encouraged to assess and reduce the environmental impact of their products and operations, adopt sustainable practices across the value chain, and follow the Precautionary Principle in all actions.</p>	<ul style="list-style-type: none"> • The Governance Structure should ensure that the business formulates appropriate policies, procedures and structures to assess, measure and address its adverse impacts on the environment at all its locations, at all stages of its life cycle from establishment to closure. Special care should be taken where these impacts occur in eco-sensitive areas. • Businesses should develop appropriate strategies for sustainable and efficient use of natural resources and manufactured materials, giving due consideration to expectations and concerns of all stakeholders. • Businesses should define measurable key performance indicators and targets to monitor their performance on



	<p>environmental aspects such as water, air, land-use, forest, energy, materials, waste, biodiversity, built environment and so on.</p> <ul style="list-style-type: none"> • Businesses should focus on addressing climate change through development of both mitigation and adaptation measures, and build climate resilience and in line with India's Nationally Determined Contributions to the Paris Climate Change Agreement and the National/State Action Plans on Climate Change. • Businesses should learn from industry best practices for promoting reduction, reuse, recycling and recovery of material and resources, and encourage and motivate its stakeholders, particularly consumers and business partners, to do the same. • Businesses should seek to improve their environmental performance by adopting innovative, resource-efficient and low-carbon technologies and solutions resulting in lower resource footprint, lesser material consumption and more positive impact on environment, economy and society.
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Principle 7 – Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent.

Core Elements

This Principle recognizes that businesses operate within specified national and international legislative and policy frameworks, which guide their growth and also provide for certain desirable restrictions and boundaries.

The Principle recognizes the legitimacy of

- The Governance Structure should ensure that its advocacy positions are consistent with the Principles contained in these Guidelines and publicly disclosed.
- Businesses should, to the extent possible, undertake policy advocacy through trade and industry chambers and associations,



<p>businesses to engage with governments for redressal of a grievance or for influencing public policy.</p> <p>The Principle emphasizes that public policy advocacy must expand public good.</p>	<p>and other similar collective platforms.</p> <ul style="list-style-type: none"> Businesses should ensure that its policy advocacy positions promote fair competition and respect for human rights.
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Principle 8 – Businesses should promote inclusive growth and equitable development.	Core Elements
<p>This Principle acknowledges India's socio-economic development challenges and aligns with national policies, especially in areas with low human development and social unrest. It encourages businesses to drive inclusive growth by focusing on disadvantaged and marginalized communities, as guided by Section 135 of the Companies Act, 2013.</p> <p>Emphasizing collaboration with government and civil society, the Principle supports equitable development and aligns with SDG 17, recognizing that business success and societal progress are interdependent.</p>	<ul style="list-style-type: none"> The Governance Structure shall ensure that the business takes appropriate actions to minimize any adverse impacts that it has on social, cultural and economic aspects of society including arising from land acquisition and use, construction of facilities and operations. Businesses should assess, measure and understand their impact on social and economic development, and respond through appropriate action to minimize and mitigate its negative impacts on society. Businesses should innovate and invest in products, technologies and processes that promote the well-being of all segments of society, including vulnerable and marginalized groups. Businesses should respond to national and local development priorities and understand the needs and concerns of local communities, particularly vulnerable and marginalised groups and in regions that are underdeveloped, while designing and implementing their CSR programmes. Businesses should make efforts to minimize the negative impacts of displacement of people and disruption of livelihoods through their business operations and where displacement is unavoidable, this process must be



	<p>undertaken in a humane, participative, informed and transparent manner, where just and fair compensation is paid to those impacted.</p> <ul style="list-style-type: none"> • Businesses should respect all forms of intellectual property and traditional knowledge and make efforts to ensure that benefits derived from their knowledge are shared equitably
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Principle 9 – Businesses should engage with and provide value to their consumers in a responsible manner.	Core Elements
<p>This Principle is based on the fact that the basic aim of a business entity is to provide goods and services to its consumers that are safe to use, and in a manner that creates value for both.</p> <p>It recognizes that consumers have the freedom of choice in the selection and usage of goods and services, and that enterprises will strive to make available products that are safe, competitively priced, easy to use and safe to dispose of, for the benefit of their consumers.</p> <p>The Principle also recognizes that businesses should play a key role, along with other relevant stakeholders, in mitigating the adverse impacts that excessive consumption of its products may have on the overall well-being of individuals, society and our planet, in line with SDG 12.</p>	<ul style="list-style-type: none"> • Governance Structures should ensure that the business minimizes and mitigates any adverse impact of its goods and services on consumers, the natural environment and society at large. • Businesses should ensure that they do not restrict the freedom of choice and free competition in any manner while designing, promoting and selling their products. • Businesses should disclose all information accurately, through labelling and other means, including the risks to the individual, to society, and to the planet, from the use of the products, so that the consumers can exercise their freedom to consume in a responsible manner. • Businesses should manage consumer data in a way that does not infringe upon their right to privacy. • Businesses should make consumers aware of, and provide information and guidance to them on, safe and responsible usage and disposal of their products (including reuse and recycling), and to



	<p>eliminate over-consumption.</p> <ul style="list-style-type: none">• Businesses should promote and advertise their products in ways that do not mislead or confuse the consumers or violate any of the Principles in these Guidelines.• Businesses should provide appropriate grievance redressal mechanisms that are transparent and accessible, to address consumer concerns and feedback.• Businesses that provide essential 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.
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1.6 REGULATORY UPDATES: SUSTAINABILITY REPORTING IN INDIA

1. Business Responsibility and Sustainability Reporting (BRSR)

- BRSR is mandatory for the top 1,000 listed entities in India by market capitalization.
- SEBI has introduced BRSR Core, a set of key performance indicators (KPIs) with an assurance/assessment requirement, to enhance the credibility and consistency of ESG disclosures.
- Glide Path for Applicability of Assurance / Assessment:

Financial Year	Applicability of Assurance / Assessment
2023–24	Top 150 listed entities
2024–25	Top 250 listed entities
2025–26	Top 500 listed entities
2026–27	Top 1000 listed entities

2. Disclosures for Green Credits

Introduction of a leadership indicator in Principle 6 of BRSR for disclosure of Green Credits generated or procured by the listed entity and its top-10 value chain partners from FY 24-25.



3. ESG Disclosures for Value Chain

Disclosures for value chain shall be made by the listed company as per BRSR Core, as part of its Annual Report. For this purpose, value chain shall encompass the top upstream and downstream partners of a listed entity, individually comprising 2% or more of the listed entity's purchases and sales (by value) respectively. However, the listed entity may limit disclosure of value chain to cover 75% of its purchases and sales (by value) respectively.

ESG disclosures for the value chain shall be applicable to the top 250 listed entities (by market capitalization), on a voluntary basis from FY 2025-26.

The assessment or assurance of the above shall be applicable on a voluntary basis from FY 2026-27. For the first year of reporting ESG disclosures for value chain, reporting of previous year numbers shall be voluntary. To illustrate, for value chain disclosures of FY 2025-26, reporting of previous year data (i.e., data for FY 2024-25) shall be voluntary. If a listed entity provides ESG disclosures for value chain, then it shall disclose the percentage of total sales and purchases covered by the value chain partners, respectively, for which ESG disclosure are provided.

Reference: SEBI Circular No. SEBI/HO/CFD/CFD-PoD-1/P/CIR/2025/42 dated March 28, 2025

4. **RBI's Draft Disclosure Framework on Climate-related Financial Risks, 2024** - This framework aims to guide regulated entities (REs) in identifying, managing, and transparently disclosing climate-related financial risks. Given the potential implications for financial stability and the critical role of REs in supporting the transition to a low-carbon economy, the framework emphasizes the need for consistent, comparable, and decision-useful disclosures. It marks a significant step towards integrating climate risk into mainstream financial risk management and regulatory oversight.

Access the full draft here: [RBI Draft Disclosure on Climate-related Financial Risks, 2024 \(PDF\)](#)

5. **Draft Framework of India's Climate Finance Taxonomy proposed by Ministry of Finance Department of Economic Affairs, GOI**

To develop a clear and consistent taxonomy for classifying economic activities that contribute to climate change mitigation and adaptation, while enhancing clarity and transparency for investors and ensuring alignment with India's developmental goals and climate commitments

Access the full draft here: [Draft Framework of India's Climate Finance Taxonomy \(PDF\)](#)



6. Formation of Industry Standards Forum

In order to facilitate ease of doing business and to bring about standardization in implementation, the Industry Standards Forum (“ISF”) comprising of representatives from three industry associations, viz. ASSOCHAM, CII and FICCI, under the aegis of the Stock Exchanges, has formulated industry standards, in consultation with SEBI, for effective implementation of the requirement to disclose Business Responsibility and Sustainability Report (BRSR) Core under Regulation 34(2)(f) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“LODR Regulations”) read with Chapter IV-B of SEBI master circular for compliance with the provisions of the LODR regulations by listed entities, issued vide SEBI/HO/CFD/PoD2 /CIR/P/0155 and dated November 11, 2024.

The Industry Standards note on BRSR Core can be accessed here - https://ficci.in/public/storage/sector/6/Add_docs/ek5jPcEPdul0yP16ApX8MPGFJKnB8EcWmuSpiLwH.pdf.

MULTIPLE CHOICE QUESTIONS

1. **Sustainability was famously defined as “meeting the needs of the present without compromising the ability of future generations to meet their own needs” by which international commission in its 1987 report titled *Our Common Future*?**
 - a) United Nations Brundtland Commission
 - b) World Commission on Environmental and Development
 - c) **United Nations Environment Programme (UNEP)**
 - d) Intergovernmental Panel on Climate Change (IPCC)
2. **How many Sustainable Development Goals (SDGs) were adopted by all United Nations Member States in 2015 as part of the 2030 Agenda for Sustainable Development?**
 - a) 15
 - b) 16
 - c) **17**
 - d) 18
3. **The 2030 Agenda for Sustainable Development is grounded in five core pillars, often referred to as the “5 Ps.” Which of the following options correctly lists these pillars?**
 - a) **People, Planet, Profit, Progress, Peace**



- b) **People, Planet, Prosperity, Peace, Partnership**
 - c) Population, Planet, Prosperity, Policy, Peace
 - d) People, Planet, Progress, Protection, Partnership
4. **How many targets are included in the United Nations' Sustainable Development Goals (SDGs) framework?**
- a) 17
 - b) **169**
 - c) 232
 - d) 234
5. **What is the total number of indicators, including repeated indicators used for multiple targets, in the updated SDG global indicator framework (2025)?**
- a) 234
 - b) 247
 - c) **251**
 - d) 256
6. **As per the 2025 revision of the SDG indicator framework, how many unique indicators are used to measure progress toward the SDG targets?**
- a) 232
 - b) **234**
 - c) 247
 - d) 251
7. **Goal 17 of the UN SDG goals is linked to which pillar of the 5 pillars of SDG?**
- a) People
 - b) Planet
 - c) Prosperity
 - d) **Partnership**
8. **Which of the following SDG's primarily focuses on people**
- a) Goal 1 – No Poverty
 - b) Goal 2 – Zero Hunger



- c) Goal 5 – Gender Equality
 - d) **All of the above**
9. Which of the following SDG's primarily focuses on planet and prosperity
- a) Goal 4 – Quality Education
 - b) **Goal 13 – Climate Action**
 - c) Goal 16 – Peace and Justice Strong institutions
 - d) Goal 17 - Partnerships to achieve the Goal
10. What is the full form of GRI in the context of sustainability?
- a) Global Responsibility Index
 - b) Green Reporting Initiative
 - c) **Global Reporting Initiative**
 - d) General Resource Inventory
11. In the field of sustainability and financial reporting, what does ISSB stand for?
- a) International Standards for Sustainable Business
 - b) Integrated Standards and Sustainability Board
 - c) **International Sustainability Standards Board**
 - d) Institutional Strategy for Sustainable Banking
12. What does NGRBC stand for?
- a) National Guidelines on Reasonable Business Conduct
 - b) **National Guidelines on Responsible Business Conduct**
 - c) National Governance on Reasonable Business Compliance
 - d) National Guidelines on Responsible Business Compliance
13. Which of the following bodies released NGRBC in India?
- a) Ministry of Environment, Forest and Climate Change
 - b) Securities and Exchange Board of India (SEBI)
 - c) **Ministry of Corporate Affairs (MCA)**
 - d) NITI Aayog



14. Which of the following is NOT a core element of Principle 1 under NGRBC?
- a) Establishing mechanisms to prevent illegal practices.
 - b) Promoting circular economy practices in operations.**
 - c) Upholding governance structures that prioritize ethical practices.
 - d) Integrating accountability principles across all business functions.
15. What does Principle 4 of the NGRBC emphasize?
- a) Businesses should respect and promote the wellbeing of all employees, including those in their value chains.
 - b) Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent.
 - c) Businesses should respect the interests of and be responsive to all its stakeholders**
 - d) Businesses should conduct and govern themselves with integrity, ensuring ethical and transparent practices.
16. Which Sustainable Development Goals (SDGs) align with Principle 5- Business should respect and promote human rights?
- a) SDG 5 and SDG 7.
 - b) SDG 5, SDG 8 and SDG 16.**
 - c) SDG 5, SDG 6 and SDG 17.
 - d) SDG 5, SDG 17.
17. Which principle places specific emphasis on addressing the interconnected challenges of climate change and natural resource depletion?
- a) Principle 3
 - b) Principle 6**
 - c) Principle 8
 - d) Principle 9
18. Which Principle of the NGRBC does the following statement most closely relate to?
- “During product advertising, organizations should meticulously avoid misleading or perplexing consumers regarding product attributes or usage.”*



- a) Principle 1 – Businesses should conduct and govern themselves with integrity in a manner that is ethical, transparent, and accountable.
 - b) Principle 4 – Businesses should respect the interests of and be responsive to all their stakeholders.
 - c) **Principle 9 – Businesses should engage with and provide value to their consumers in a responsible manner.**
 - d) Principle 5 – Businesses should respect and promote human rights.
19. Which Principle of the NGRBC does the following statement align with?
- “Adopt resource-efficient and low carbon-emitting methods and technologies for designing and manufacturing products and services, thereby minimizing environmental and social impacts.”*
- a) Principle 3 – Businesses should respect and promote the well-being of all employees, including those in their value chains.
 - b) Principle 6 – Businesses should respect and make efforts to protect and restore the environment.
 - c) Principle 8 – Businesses should promote inclusive growth and equitable development.
 - d) **Principle 2 – Businesses should provide goods and services in a manner that is sustainable and safe.**
20. Which of the following best aligns with Principle 3 of the National Guidelines on Responsible Business Conduct (NGRBC)?
- a) Ensuring transparency in financial disclosures and anti-corruption mechanisms
 - b) Promoting environmentally sustainable product design and manufacturing
 - c) Engaging in ethical advertising and avoiding misleading information to consumers
 - d) **Providing safe working conditions, fair wages, and respecting employee rights across the value chain.**
21. The target *“Significantly reduce all forms of violence and related death rates everywhere”* is part of which Sustainable Development Goal (SDG)?
- a) SDG 5 – Gender Equality
 - b) SDG 10 – Reduced Inequalities



- c) **SDG 16 – Peace, Justice and Strong Institutions**
 - d) SDG 17 – Partnerships for the Goals
22. The target “By 2030, achieve the sustainable management and efficient use of natural resources” is part of which Sustainable Development Goal (SDG)?
- a) **SDG 12 – Responsible Consumption and Production**
 - b) SDG 6 – Clean Water and Sanitation
 - c) SDG 13 – Climate Action
 - d) SDG 15 – Life on Land
23. The target “*Strengthen efforts to protect and safeguard the world’s cultural and natural heritage*” is part of which of the following SDGs?
- a) SDG 16 – Peace, Justice and Strong Institutions
 - b) SDG 17 – Partnerships for the Goals
 - c) **SDG 11 – Sustainable Cities and Communities**
 - d) SDG 15 – Life on Land
24. Which of the following is NOT a target of SDG 8 - Decent Work and Economic Growth?
- a) 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.
 - b) By 2020, substantially reduce the proportion of youth not in employment, education or training.
 - c) Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all.
 - d) **By 2027, reduce global unemployment rates to below 2%.**
25. Which of the following is a target of SDG 7 - Affordable and Clean Energy?
- a) **By 2030, ensure universal access to affordable, reliable, and modern energy services.**
 - b) By 2030, reduce the global energy consumption by 50% to combat climate change.
 - c) By 2030, eliminate all fossil fuel consumption worldwide.
 - d) By 2025, completely transition all energy sources to nuclear power.



CASE STUDIES

Case Study 1

Company Overview

PQRS Ltd, a global leader in valve manufacturing, has pledged to embed sustainability and ESG principles across its operations, ensuring alignment with the National Guidelines on Responsible Business Conduct (NGRBC). Over the last five years, the company has implemented four transformative strategies to address ESG challenges:

1. **Compliance:** Adhering to all legal and statutory requirements, including timely payment of taxes.
2. **Resource Efficiency:** Adopting resource-efficient and low-carbon-emitting methods and technologies for designing and manufacturing products and services.
3. Preventing and eradicating all forms of child labour and forced labour.
4. Implementing measures to address and mitigate human rights violations.

PQRS Ltd aims to expand its efforts to encompass all the NGRBC Principles, positioning itself as a leader in sustainable business practices.

Multiple Choice Questions

1. **Which of the principles under NGRBC are covered by the four transformative strategies of PQRS Ltd?**
 - A. Principle 1, Principle 2, Principle 3, and Principle 4
 - B. Principle 1, Principle 2, Principle 3, and Principle 5**
 - C. Principle 2, Principle 3, Principle 5, and Principle 7
 - D. Principle 2, Principle 3, Principle 4, and Principle 8
2. **PQRS Ltd is also looking to cover NGRBC Principle 6. What steps should it take?**
 - A. Institute a climate change mitigation program
 - B. Curtail the consumption of natural resources, fossil fuels, and water
 - C. Develop quantifiable metrics for various environmental aspects
 - D. All of the above**
3. **When shaping CSR undertakings, PQRS Ltd wants to emphasize marginalized groups and communities. Which NGRBC principle does this align with?**
 - A. Principle 1



- B. Principle 4
 - C. Principle 8**
 - D. Principle 7
4. **The organization holds the responsibility to address conflicts and grievances arising from its operations by offering fair compensation and alternative solutions. This covers which NGRBC Principle?**
- A. Principle 4**
 - B. Principle 1
 - C. Principle 7
 - D. Principle 9
5. **What is the core element of Principle 1?**
- A. Consider stakeholders' expectations
 - B. Focus on sustainable goods and services
 - C. Outline the key aspects of governance structure**
 - D. Ensure safe and hygienic work practices

Case Study 2

ABC Ltd, a non-profit organization established in the year 2000, has been at the forefront of community welfare, focusing on marginalized and underserved groups across India. Over the last two decades, the NGO has worked across domains such as education, healthcare, nutrition, and women's empowerment. Its grassroots presence and long-standing community partnerships have resulted in a measurable impact.

Recently, ABC Ltd welcomed a new Chairperson with a deep interest in the United Nations Sustainable Development Goals (SDGs). She envisions aligning the organization's initiatives with global sustainable development frameworks to amplify its impact and attract international collaboration and funding. After careful deliberation, the NGO has chosen to focus on five primary SDGs:

- SDG 1: No Poverty
- SDG 2: Zero Hunger
- SDG 3: Good Health and Well-being
- SDG 4: Quality Education
- SDG 5: Gender Equality



To realize this vision, ABC Ltd is now in the process of setting SMART (Specific, Measurable, Achievable, Relevant, and Time-bound) targets under each of these SDGs and aligning their ongoing projects accordingly. They seek guidance on identifying the appropriate global targets and indicators under each SDG to ensure they can transparently report progress and attract credible donors.

Multiple Choice Questions

1. **While aligning with SDG 1 (No Poverty), ABC Ltd wants to ensure impact measurement aligns with global comparability. Which of the following indicators would be both relevant and standardized for tracking progress?**
 - a) Increase in average income per beneficiary household
 - b) Number of job fairs conducted in rural areas
 - c) Number of rural entrepreneurs trained
 - d) Qualitative success stories from low-income families
2. **Which of the following activities by ABC Ltd would best align with SDG 2: Zero Hunger?**
 - a) Running vocational training centres for unemployed youth
 - b) Distributing fortified meals to malnourished children in rural areas
 - c) Launching gender sensitization workshops
 - d) Creating mobile health camps for chronic disease detection
3. **In aligning with SDG 4 (Quality Education), ABC Ltd must demonstrate not only enrolment but quality and equity in education delivery. Which of the following KPIs best meets this requirement?**
 - a) Number of schools where ABC Ltd has provided infrastructure
 - b) Distribution of stationery kits to 10,000 students
 - c) Increased pass percentage in local board exams
 - d) Teacher-to-student ratio improvement in tribal learning centers
4. **To strengthen its alignment with SDG 5 (Gender Equality), ABC Ltd proposes a new women's empowerment program. Which of the following design flaws may lead to accusations of "SDG washing"?**
 - a) The program provides self-defense workshops and menstrual health awareness
 - b) It lacks measurable targets for participation and long-term economic impact



- c) It is co-designed with women-led grassroots collectives
 - d) The outcomes are tied to increased employment in women-led MSMEs
5. **ABC Ltd seeks funding to scale its SDG-aligned operations. Which of the following strategies best enhances investor confidence in the organization's long-term sustainability goals?**
- a) Regular social media updates showcasing field activities
 - b) A detailed program brochure with testimonials from beneficiaries
 - c) **A third-party assured Sustainability Report aligned with GRI and SDG framework**
 - d) MOUs with local panchayats and district offices

Case Study 3

XYZ Ltd, a Singapore-based multinational corporation known for its strong commitment to the United Nations Sustainable Development Goals (UN SDGs), has recently acquired PEQ Limited, a mid-sized Indian enterprise. As part of its integration, PEQ Limited is now expected to align its operations and sustainability framework with XYZ Ltd's broader SDG commitments.

PEQ Limited already has specific sustainability policies and targets in place, including:

1. Achieving sustainable management and efficient use of natural resources
2. Implementing a climate change policy with measurable reduction targets
3. Preventing and significantly reducing marine pollution of all kinds
4. Protecting labour rights and promoting safe and secure working environments for all workers and employees

XYZ Ltd has tasked its sustainability team to map these existing efforts to the relevant SDGs and identify additional areas where PEQ Limited needs to set targets to fully align with the broader vision of the UN SDGs.

You are engaged to assess this alignment and provide advisory inputs.

Multiple Choice Questions

1. **Which of the following SDGs does PEQ Limited most directly address through its existing policy on "efficient use of natural resources"?**
 - a) SDG 6 – Clean Water and Sanitation
 - b) SDG 9 – Industry, Innovation and Infrastructure



- c) **SDG 12 – Responsible Consumption and Production**
- d) **SDG 13 – Climate Action**
- 2. **The climate change policy with measurable reduction targets maps most directly to which specific SDG target?**
 - a) **SDG 7.2 – Increase the share of renewable energy in the global mix**
 - b) **SDG 13.2 – Integrate climate change measures into national policies and strategies**
 - c) **SDG 11.6 – Reduce environmental impact of cities**
 - d) **SDG 9.4 – Upgrade infrastructure for sustainability**
- 3. **PEQ Limited's commitment to reducing marine pollution contributes most closely to which SDG?**
 - a) **SDG 6 – Clean Water and Sanitation**
 - b) **SDG 12 – Responsible Consumption and Production**
 - c) **SDG 14 – Life Below Water**
 - d) **SDG 15 – Life on Land**
- 4. **Protecting labour rights and ensuring safe work environments maps directly to which SDG?**
 - a) **SDG 5 – Gender Equality**
 - b) **SDG 8 – Decent Work and Economic Growth**
 - c) **SDG 10 – Reduced Inequalities**
 - d) **SDG 3 – Good Health and Well-being**
- 5. **To expand alignment with the SDGs, which of the following areas should PEQ Limited consider addressing next?**
 - a) **Developing inclusive hiring policies and promoting equal pay for women**
 - b) **Enhancing board diversity and transparent stakeholder engagement**
 - c) **Establishing community development programs for quality education**
 - d) **All of the above**

Case Study 4

DEF Limited, a global conglomerate headquartered in the Netherlands, operates across sectors including energy, infrastructure, and consumer goods. With increasing stakeholder



scrutiny, regulatory expectations, and investor demands, DEF Limited has embedded sustainability as a core element of its business strategy.

In 2017, DEF Limited began publishing an **Integrated Sustainability Report**, aligned with GRI, TCFD, and SASB standards, to transparently communicate its environmental, social, and governance (ESG) performance. The company's leadership recognizes that modern consumers, especially in emerging markets, now demand more than just quality—they seek ethical sourcing, social equity, and responsible environmental practices.

Internally, DEF Limited has deployed cross-functional ESG performance indicators tied to executive compensation and employee KPIs. Externally, the company has forged ESG-based supplier evaluation frameworks and committed to achieving science-based climate targets by 2035.

Despite these efforts, DEF Limited is facing growing skepticism in key stakeholder segments, with concerns around Green washing and inconsistent metrics across regions. In response, the Board has mandated a comprehensive review of the Sustainability Report's credibility, materiality alignment, and ability to build trust—not just compliance.

As a senior ESG consultant, you are tasked with evaluating how DEF Limited's sustainability reporting contributes to stakeholder value—across customers, investors, employees, and regulatory bodies—and advising on strategic enhancements that deepen the impact of these disclosures.

Multiple Choice Questions

1. **DEF Limited wants to ensure that its sustainability disclosures drive long-term trust and not just compliance. Which of the following actions best aligns with this objective?**
 - a) Publishing sustainability data without any external assurance
 - b) Including vague labels such as “eco-friendly” or “green conscious” across all reports
 - c) **Linking report metrics to globally recognized frameworks and having third-party assurance**
 - d) Highlighting CSR donations as the primary ESG strategy
2. **DEF Limited's approach of tying executive incentives to ESG KPIs best supports which principle of sustainability reporting?**
 - a) Profit maximization through regulatory arbitrage
 - b) **Internal stakeholder alignment and accountability**



- c) Deprioritization of financial performance
 - d) Outsourcing ESG risks to supply chain partners
3. One of DEF Limited's challenges is skepticism around "Greenwashing." Which of the following practices would most likely expose them to this risk?
- a) Publishing data on Scope 1 and Scope 2 emissions with clear methodology
 - b) Using third-party verified figures for social impact
 - c) **Using generic, unaudited claims like 100% natural operations without evidence**
 - d) Reporting progress against science-based targets with traceable metrics
4. How can DEF Limited use sustainability reporting to gain a competitive edge in global supplier selection processes?
- a) By setting minimum wage standards across different countries
 - b) By maintaining supplier confidentiality and omitting ESG expectations
 - c) By aligning only with low-cost vendors to ensure profit margins
 - d) **By demonstrating ESG integration across the supply chain through verifiable performance data**
5. DEF Limited wants to attract ESG-focused investors. Which of the following additions to its Sustainability Report would be *most effective* for this purpose?
- a) A section listing all community events sponsored in the year
 - b) **Detailed disclosures on material ESG risks and opportunities under the TCFD framework**
 - c) A blog-style summary written by the marketing team
 - d) Employee testimonials about their experience in volunteer activities

Case Study 5

UVW Limited, established in 2012, is a not-for-profit entity headquartered in Jodhpur, Rajasthan. The organization began as a climate resilience initiative focused on semi-arid and arid regions of India but has since expanded its work into broader areas of sustainable development. Its portfolio now includes water resource management, biodiversity conservation, urban sanitation, community-led infrastructure development, and sustainable consumption awareness.

UVW Limited operates through a decentralized model involving local village councils, self-help groups, and district-level resource teams. Recently, UVW's board has resolved to align their



operational strategies with global goals, and selected SDGs as the key focus areas for the next decade. To ensure effective alignment, UVW aims to define SMART indicators under each of these SDGs and establish a transparent monitoring framework that can also support national and international fundraising efforts.

Multiple Choice Questions

1. **UVW wants to align its watershed restoration program with SDG 6: Clean Water and Sanitation. Which of the following indicators best reflects global progress under this SDG?**
 - a) Number of community water tanks constructed in the last year
 - b) Share of population using safely managed drinking water services**
 - c) Number of villages adopting drip irrigation techniques
 - d) Rainfall collected per square meter of rooftop harvesting installations
2. **While addressing SDG 7: Affordable and Clean Energy, UVW Ltd introduces solar microgrids in remote hamlets. Which of the following project outcomes best validates alignment with SDG targets?**
 - a) Installation of streetlights in 100 villages
 - b) Awareness sessions on energy conservation in schools
 - c) Reduction in household expenditure on kerosene and diesel**
 - d) Number of villages switching entirely to biomass fuel
3. **UVW starts a campaign against ocean dumping in coastal areas. Under SDG 14 (Life Below Water), which result reflects effective action?**
 - a) Number of cleanup awareness drives conducted
 - b) Reduction in plastic content in local marine biodiversity surveys**
 - c) Distribution of reusable straws at tourist spots
 - d) Workshop attendance on marine conservation
4. **To contribute to SDG 13: Climate Action, UVW is monitoring carbon sequestration in afforestation sites. Which of the following would most effectively support climate action metrics?**
 - a) Number of saplings distributed to school children
 - b) Rainfall levels before and after plantation drives**



- c) Number of farmers trained in weather forecasting
 - d) **Increase in green cover as measured through satellite imagery**
5. **UVW's biodiversity preservation initiative in the Thar Desert aligns with SDG 15: Life on Land. Which of the following project achievements would best reflect success under this SDG?**
- a) Number of awareness posters distributed about endangered species
 - b) **Decline in encroachments reported in protected forest areas**
 - c) Number of local guides trained in eco-tourism
 - d) Annual footfall to desert conservation museums

MODULE 2

OVERVIEW AND 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. The 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.

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)



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

Green Credit Disclosures, 2024

The year 2024 marked a pivotal phase in India's ESG regulatory evolution, characterized by strategic reforms that aimed to enhance the depth, credibility, and consistency of sustainability reporting. In December, the Securities and Exchange Board of India (SEBI), in close collaboration with national industry chambers, introduced standardized reporting protocols under the BRSR Core framework. These benchmarks were designed to bring uniformity to ESG



disclosures across sectors, facilitating greater comparability, transparency, and investor confidence. Further strengthening the environmental dimension of corporate reporting, SEBI mandated the inclusion of Green Credit disclosures within the BRSR format. This initiative not only aligns sustainability reporting with national environmental priorities but also incentivizes measurable contributions to ecological restoration through the Green Credit Programme.

In a significant forward-looking measure, SEBI also introduced value chain ESG disclosure requirements, encouraging companies to voluntarily begin reporting on the sustainability performance of key upstream and downstream partners. This voluntary phase, applicable from the financial year 2024–25, serves as a preparatory stage for the mandatory regime that will follow. Together, these developments positioned 2024 as a year of consolidation and structured expansion, embedding ESG principles more deeply into India's corporate regulatory architecture.

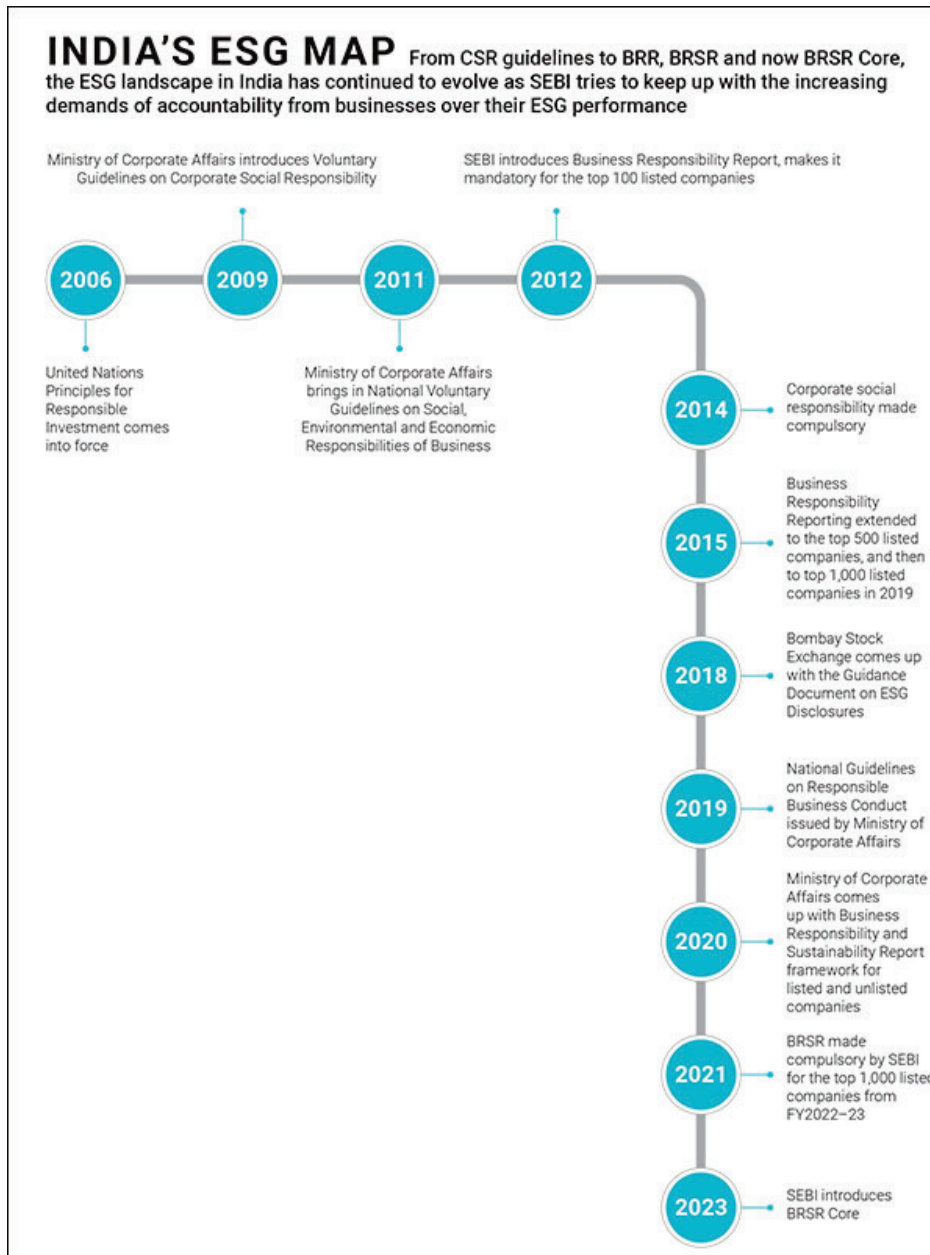
Accountability and Digital Integration, 2025

In 2025, India's ESG landscape advanced into a phase of institutional accountability and technological alignment. SEBI commenced the second tier of its phased implementation of mandatory assurance for BRSR Core disclosures, requiring the top 250 listed companies to obtain reasonable third-party assurance on critical ESG metrics. This approach, designed to gradually escalate assurance requirements through 2027, reflects a deliberate strategy to build sector-wide capacity while upholding reporting integrity. To further reinforce credibility in the ESG ecosystem, SEBI introduced stringent norms governing the withdrawal of ESG ratings. These provisions aim to protect stakeholders from abrupt or opaque changes in ESG assessments, ensuring continuity and trust in sustainability-linked evaluations.

Complementing regulatory oversight, 2025 also witnessed the initiation of digital infrastructure development to support ESG compliance. The Ministry of Corporate Affairs, in partnership with SEBI and technology stakeholders, began laying the groundwork for AI-powered reporting platforms capable of validating sustainability disclosures and streamlining regulatory submissions. These technological integrations are envisioned to elevate data fidelity, reduce manual compliance burdens, and enable real-time monitoring of ESG performance across corporate India. Collectively, the 2025 reforms signify a decisive shift toward accountability, assurance, and digital modernization in the country's sustainability disclosure regime.



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

- 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.
- 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:

ASPECT	BRR	BRSR
Applicability	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.
Mode of Submission	Disclosures to be made in annual report	Disclosures to be made in annual report and MCA21 portal through XBRL language
Nature of Disclosures	Only quantitative disclosures	Both quantitative and qualitative disclosures
Level of Detailing	Only few disclosures are required & no segregation between essential and leadership indicators	Two formats: <ul style="list-style-type: none"> • 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).
Framework Structure	Based on NVGs (National Voluntary Guidelines), lacked sector specificity or standard metrics.	Based on NGRBC (National Guidelines on Responsible Business Conduct) with alignment to global ESG standards and metrics.
Assurance Requirements	No third-party assurance mandated.	Phased assurance introduced for BRSR Core indicators: <ul style="list-style-type: none"> • Top 150 entities (FY 2023–24) • Top 250 (FY 2024–25) • Top 500 (FY 2025–26) • Top 1,000 (FY 2026–27).
Value Chain Disclosures	Not Applicable.	Value Chain ESG Reporting introduced in 2024; mandatory from FY 2025–26 with assurance by FY 2026–27.
Green Credit and Environmental Initiatives	No structured reporting mechanism.	Green Credit disclosures incorporated under Principle 6 from FY 2024–25.
Technological Integration	Manual reporting through PDFs.	AI-enabled digital reporting platforms being developed by SEBI and MCA to automate validation and streamline compliance.
Alignment with Global Standards	Limited global integration.	Strong alignment with SDGs, GRI, TCFD, and ISSB frameworks.

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.

From FY 2025–26 onwards, value chain disclosures under BRSR Comprehensive will become mandatory for the top 1,000 listed companies, requiring ESG performance data from key upstream and downstream partners. This includes disclosures on environmental emissions, labour practices, and sourcing standards across the supply chain.

The assurance requirement for BRSR Core disclosures within the Comprehensive format is now being phased-in based on market capitalization tiers, with top 250 companies mandated from FY 2024–25 and top 500 by FY 2025–26.

(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.

The scope of mandatory BRSR Core disclosures has been extended to the top 250 listed entities by FY 2024–25 and will further cover the top 500 by FY 2025–26, as per SEBI's phased implementation roadmap.

BRSR Core now explicitly requires disclosure of Green Credit-related initiatives under environmental indicators, aligning with India's national Green Credit Programme introduced in 2024.

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	<p>Applicable to: Unlisted companies and smaller listed companies not in the top 1000 by market capitalization.</p> <p>Voluntary: Encourages smaller companies to initiate ESG reporting without overwhelming demands.</p> <p>Limited Scope: Covers core ESG aspects, focusing on the top 3 products/services with significant sustainability impact.</p>	<p>Applicable to: Top 1000 listed companies by market capitalization (as of FY 2022-23). As of FY 2025–26, value chain disclosures under this format become mandatory. Comprehensive coverage includes all products/services comprising 90% of turnover.</p> <p>Mandatory: Promotes transparency and accountability for larger companies' ESG performance.</p> <p>Broader Scope: Covers a wider range of ESG aspects and requires reporting on all products/services constituting 90% of turnover.</p>
Reporting Depth and Granularity	<p>Qualitative Focus: Allows qualitative narratives and less comprehensive data for disclosures.</p> <p>Flexible Approach: Offers more flexibility in reporting depth to accommodate smaller companies' resources.</p> <p>No GRI Mapping: Doesn't</p>	<p>Quantitative Data: Demands in-depth analysis and quantitative data for each disclosure.</p> <p>Detailed Disclosures: Includes detailed sector-specific disclosures for more targeted reporting.</p> <p>GRI Mapping: Requires mapping disclosures to relevant GRI Standards for global benchmarking.</p>



	require mapping disclosures to specific GRI Standards.	
Assurance Requirements	<p>Currently Assurance is not mandatory but may become so in the future.</p> <p>Voluntary: Companies can choose to get voluntary assurance for enhanced stakeholder confidence.</p>	<p>Mandatory: Requires independent assurance.</p> <p>Adds Credibility: Independent assurance enhances report reliability and stakeholder trust.</p>
Specific Reporting Areas	<p>Simpler Disclosures: Has simpler disclosure requirements on aspects like climate change, human rights, etc. Now includes a provision for voluntary Green Credit disclosures aligned with India's Green Credit Programme.</p> <p>Focus on Core Areas: Emphasizes essential ESG aspects to initiate sustainability reporting practices.</p>	<p>Detailed Disclosures: Requires detailed disclosures on greenhouse gas emissions, climate change risks, value chain sustainability, human rights due diligence, etc. From FY 2025–26, Green Credit disclosures and quantified sustainability targets are expected.</p> <p>Comprehensive Approach: Aims for a more holistic picture of the company's ESG impact.</p>
Format Structure	<p>Simpler Format: Uses a basic structure with fewer sections and disclosures.</p> <p>Easier Adoption: Designed for easier navigation and adoption by companies with limited experience.</p>	<p>Detailed Format: Has a multilayered format with numerous sections and specific disclosure requirements.</p> <p>Comprehensive Coverage: Ensures comprehensive reporting on various ESG aspects.</p>
Availability of Resources	<p>Enhanced Resources: Official support has been enhanced in 2025 through the MCA ESG Knowledge Hub and SEBI Helpdesk, providing sample reports, FAQs, and sector-specific walkthroughs.</p>	<p>Extensive Resources: Has extensive official resources, including detailed guidelines, FAQs, and training materials.</p> <p>Support Available: Dedicated SEBI support channels are available for clarification and assistance.</p>

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

Further developments include the introduction of BRSR Core in 2023, focusing on a refined set of essential ESG metrics with mandatory reasonable assurance for the top 150 listed companies beginning FY 2023–24, expanding to the top 250 in FY 2024–25 and top 500 by FY 2025–26. In addition, SEBI's 2025 amendments have introduced mandatory ESG disclosures for value chain partners starting FY 2025–26, as well as leadership indicators on Green Credit initiatives aligned with India's environmental goals.

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

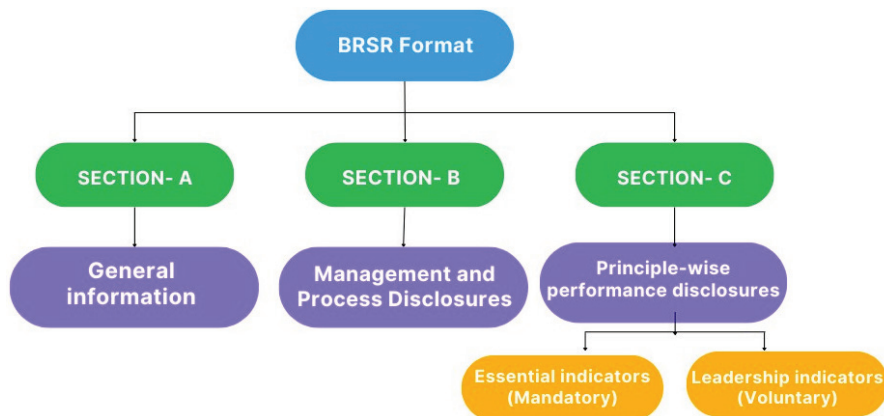


sustainability report where the information sought under the BRSR format is disclosed as part of the report prepared based on internationally accepted reporting framework.

- (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/NationalGuideline_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)
- (c) **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 policies 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. The term “Employee” is defined under Sec 2(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](http://egazette.nic.in/WriteReadData/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 to as defined in clause(f) of section 2 of the Working 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, and for the purposes of any proceeding under this Code 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
Permanent Employees									
Permanent Workers									

Notes:

- Under this field, the entity shall disclose turnover rates for the specified categories.*
- 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)
- 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)	FY_____ Current Financial Year			FY_____ Previous Financial Year		
	(If yes, then provide web-link for grievance redress policy)	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	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
Policy and management processes									
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.									
5. Specific commitments, goals, and targets set by the entity with defined timelines, if any.									



10. Details of Review of NGRBCs by the Company:

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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:

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.

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 if 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.

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.

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.

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

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.

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.

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.*

Q9 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 (KPIs) in alignment with the nine principles of the National Guidelines on Responsible Business Conduct (NGRBC). NGRBC The section classifies KPI's into two sub-categories that companies are required to report upon:

- **Essential indicators (mandatory):** KPIs 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 KPIs 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 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:

- 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.
- Regulation 30 of SEBI (Listing Obligations and Disclosure Obligations) Regulations - Disclosure of events or information.**
 - 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.
 - Events specified in Part A of Schedule III. are deemed to be material events and the listed entity shall make disclosure of such events.
 - 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:**

	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.*
7. **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 towards 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	a. Purchases from trading houses as %		



Purchases	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 through 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 under mentioned 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 at <http://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 $(\text{total recycled} + \text{re-used input material used}) \times 100$ divided by $(\text{total input material used to manufacture the entity's products or to provide services})$. 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 stench, 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 stop 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 Category	Product	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 Workers											
Male											
Female											
Total											



Other than Permanent Workers											
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): (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*
4. *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		
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 requires 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, 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.*
2. *The ILO has produced guidelines on the development of occupational safety and health management systems ILO-OSH 2001 .*
3. *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.

4. 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/sanitizer.*
 - ✓ *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 compensation 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.

- 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%20Act,%201961/1968/102120000002035669.html>

3. **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.
5. 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.

6. 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.

7. 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						
Forced Labour/ Involuntary Labour						
Wages						
Other human rights related issues						

8. 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		



9. 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.

10. 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

11. 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.

12. 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 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 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:

$$\text{Total water consumption} = \text{Total water withdrawal} - \text{total water discharge}.$$
 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		
- 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)			



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 CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , if available)	Metric tonnes of CO ₂ equivalent		
Total Scope 2 emissions (Break-up of the GHG into CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , if available)	Metric tonnes of CO ₂ 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 (CO₂)*
 - *Methane (CH₄)*
 - *Nitrous oxide(N₂O)*
 - *Hydrofluorocarbons (HFCs)*
 - *Perfluorocarbons (PFCs)*
 - *Sulphur hexafluoride (SF₆)*
 - *Nitrogen trifluoride (NF₃)*
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 CO₂, CH₄, N₂O, HFCs, PFCs, SF₆, NF₃.*
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 CO₂ 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 m² 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.

- A description of the entity's operations/offices in or around ecologically sensitive areas. This should include the location of the operations/offices, the types of activities carried out, and the environmental impacts of these activities.
- A description of the environmental approvals/clearances that the entity has obtained. This should include the type of approval/clearance, the date it was issued, and the expiry date.
- A description of the steps that the entity is taking to comply with the environmental approvals/clearances. 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			
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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.

- 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.*
- 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.
- Entities may, on a voluntary basis, provide a break- up of the Scope 3 emissions into CO₂, CH₄, N₂O, HFCs, PFCs, SF₆, NF₃.*
- The entity shall exclude any GHG trades (purchase, sale, or transfer of GHG emissions) from the calculation of Scope 3 GHG emissions.*
- 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
4. 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 indicators under Principle 6, the entity can report any 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.

Clarification on Green Credit Disclosures under Principle 6

From FY 2024–25, all entities mandated to report under BRSR Core must include disclosures under Principle 6 that align with India's national Green Credit Programme. These disclosures include quantifiable metrics on afforestation, water restoration, biodiversity enhancement, and other environmental impact contributions.

Refer to SEBI Circular SEBI/HO/CFD/PoD2/CIR/P/2023/120, Annexure I, dated July 11, 2023.

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 it 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.



- Advertising: 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.
- Delivery of essential services: 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.
- Cyber security and data privacy of customers: 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.
- Re-occurrence of instances of product recalls: 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.

2.8 NEW REGULATORY DEVELOPMENTS (2025)

2.8.1 Norms on Withdrawal of ESG Ratings

To ensure greater transparency and trust in the ESG rating ecosystem, SEBI has introduced a framework for the withdrawal of ESG ratings. These norms are aimed at protecting investors from abrupt or opaque changes in ESG assessments and enhancing the continuity of sustainability-linked evaluations.

Key provisions include:

- ESG Rating Providers (ERPs) are now **required to provide prior notice and a valid rationale** for the withdrawal of any ESG rating.
- Entities must be informed in advance to ensure business continuity and preparedness.
- ERPs must disclose the **methodology, reason for withdrawal**, and whether the rating was withdrawn at the issuer's request or for other reasons.
- Withdrawal must be accompanied by **public disclosure** on the ERP's website.

Reference: These norms are part of SEBI's ongoing regulatory reforms under its oversight of ESG Rating Providers, initiated through the circular **SEBI/HO/DDHS/DDHS-RACPOD1/P/CIR/2023/143**, dated **July 12, 2023**, which set the framework for registration and functioning of ERPs. Withdrawal provisions were later reinforced in SEBI's implementation roadmap for ESG rating governance in 2025.

SEBI Circular: SEBI/HO/DDHS/DDHS-RACPOD1/P/CIR/2023/143

2.8.2 Digital ESG Compliance Infrastructure

To streamline and modernize sustainability reporting, SEBI and the Ministry of Corporate Affairs (MCA) initiated a collaborative project in 2025 to build AI-powered platforms for BRSR compliance.

Highlights of the digital infrastructure initiative:

- Integration with MCA21 V3 for real-time ESG data submission and validation.



- Use of AI/ML algorithms to verify data consistency, flag discrepancies, and assist in auto-filling standard disclosures.
- Enhanced interoperability with global standards (GRI, ISSB) and domestic frameworks (NGRBC, BRSR Core).
- Reduction in manual compliance burden for companies, particularly for large-scale BRSR Core and value chain disclosures.

Reference: While a dedicated circular on the AI infrastructure is awaited, this initiative has been referenced in MCA and SEBI briefings on ESG modernization and capacity-building efforts in 2025, aligned with the implementation of BRSR Core and value chain mandates under the revised SEBI (LODR) Regulations, 2015, amended via Notification No. SEBI/LAD-NRO/GN/2023/131, dated June 14, 2023.

Notification: SEBI/LAD-NRO/GN/2023/131

2.8.3 Structured Format for Value Chain ESG Disclosures

From FY 2025–26, value chain disclosures must follow SEBI's specified tabular reporting format as per Annexure II of BRSR Core. Entities must report ESG performance of significant upstream and downstream partners covering emissions, labour, sourcing, etc. Disclosures must include assurance plans starting FY 2026–27.

2.8.4 List of Core Indicators under BRSR Core

The BRSR Core includes 49 mandatory indicators across 9 ESG attributes.

Entities must report against each of these indicators and obtain reasonable assurance.

Refer to Annexure I of SEBI Circular SEBI/HO/CFD/PoD2/CIR/P/2023/120, dated July 11, 2023.

2.8.5 Independent Assurance Provider (IAP) Requirements

Entities must disclose the name and credentials of their Independent Assurance Provider (IAP) for BRSR Core disclosures.

The assurance must conform to international standards such as ISAE 3000 (Revised) and SAE 3410.

2.8.6 Obligations on ESG Rating Withdrawal

In case of ESG rating withdrawal, entities should disclose the reason and context under the relevant BRSR principle (e.g., Principle 1 or 6).

This ensures transparency and helps stakeholders understand the impact of the change on the entity's ESG profile.



2.8.7 Sector-Specific ESG Guidance (Upcoming)

SEBI plans to introduce sector-specific ESG disclosure guidance starting 2024 for high-impact industries. Entities should monitor updates and incorporate relevant KPIs applicable to their sector.

MULTIPLE CHOICE QUESTIONS

1. **What was one of the primary reasons for transitioning from BRR to BRSR in India?**
 - A. To comply with World Bank recommendations
 - B. **To enhance transparency and reliability in non-financial disclosures**
 - C. To improve financial audit procedures
 - D. To promote foreign investments
2. **Which global initiative influenced India's adoption of Sustainable Development Goals in 2015?**
 - A. Kyoto Protocol
 - B. Paris Agreement
 - C. **UN 2030 Agenda for Sustainable Development**
 - D. World Economic Forum
3. **Which version of ESG reporting was made mandatory for the top 100 listed Indian companies in 2012?**
 - A. BRSR
 - B. SASB
 - C. GRI
 - D. **BRR**
4. **What is a distinctive feature of the BRSR Lite format?**
 - A. Mandatory for top 100 listed companies
 - B. Focuses on supply chain disclosures
 - C. **Designed for companies new to sustainability reporting**
 - D. Includes comprehensive GRI mapping
5. **Which committee helped formulate the BRSR framework introduced in 2021?**
 - A. IICA-UNDP Committee
 - B. MCA Sustainability Board
 - C. **SEBI ESG Committee**
 - D. ICAI CSR Committee



6. Which reporting format includes a mandatory “reasonable assurance” of core disclosures from FY 2023–24 onwards?
 - A. BRSR Lite
 - B. BRR
 - C. **BRSR Core**
 - D. ESG Lite
7. Under the BRSR framework, which of the following is NOT a section of the reporting structure?
 - A. **Financial Performance Statement**
 - B. General Disclosures
 - C. Management and Process Disclosures
 - D. Principle-wise Performance Disclosures
8. Which of the following principles is addressed under Principle 1 of NGRBC?
 - A. Environmental Risk Mitigation
 - B. **Ethical, Transparent and Accountable Governance**
 - C. Community Engagement
 - D. Gender Equity
9. What is the focus of “Essential Indicators” under BRSR reporting?
 - A. Optional disclosures aligned with GRI
 - B. Voluntary indicators for companies with high ESG maturity
 - C. **Mandatory disclosures related to key sustainability performance areas**
 - D. Assumptions and forecasts of ESG trends
10. Which of these is a key reason BRSR is considered an improvement over BRR?
 - A. BRSR excludes environmental disclosures
 - B. BRSR is limited to qualitative data
 - C. **BRSR includes value chain and leadership indicators**
 - D. BRR was internationally aligned
11. The BRSR Core framework includes KPIs under how many ESG attributes?
 - A. 5
 - B. 7
 - C. **9**
 - D. 11



12. **Green Credit disclosures were mandated under BRSR beginning in which financial year?**
- A. FY 2022–23
 - B. FY 2023–24
 - C. **FY 2024–25**
 - D. FY 2025–26
13. **Which reporting mechanism allows cross-referencing with GRI, SASB, and TCFD?**
- A. BRSR Core
 - B. Annual Financial Statements
 - C. BRR
 - D. **BRSR Comprehensive**
14. **What is the purpose of Principle-wise Performance Disclosures in Section C?**
- A. To assess taxation and accounting standards
 - B. To align BRR with SEBI guidelines
 - C. **To showcase ESG performance based on 9 principles**
 - D. To report company's IPO readiness
15. **Under Section A, what kind of turnover data is required from companies?**
- A. Turnover by shareholder group
 - B. Turnover from international partnerships only
 - C. **90% of turnover by main products/services**
 - D. CSR turnover for local projects
16. **Which reporting format under BRSR is aimed at unlisted and smaller listed companies?**
- A. **BRSR Lite**
 - B. BRSR Global
 - C. BRR
 - D. SDG Matrix
17. **Which of the following does NOT qualify as a Leadership Indicator in BRSR?**
- A. Scope 3 emission disclosures
 - B. Community impact assessment
 - C. **Financial audit disclosures**
 - D. Supply chain ESG assessments



18. Which section of BRSR requires entities to describe types of customers (B2B/B2C)?
- A. Section C – Principle 2
 - B. **Section A – Operations**
 - C. Section B – Governance
 - D. Section A – Employee Diversity
19. The BRSR framework encourages integration of which international guidelines into national reporting?
- A. SAFTA and BIMSTEC
 - B. **GRI, SASB, and TCFD**
 - C. ILO and WTO
 - D. WTO and IMF
20. The assurance on BRSR Core will gradually apply to how many top listed entities by FY 2026–27?
- A. 250
 - B. 500
 - C. **1000**
 - D. 750
21. What type of information is expected in Section B of BRSR?
- A. Stock performance
 - B. **Management and policy disclosures**
 - C. Customer grievance redressal details
 - D. Tax planning methods
22. What does Section A of BRSR primarily focus on?
- A. Sustainability risks only
 - B. Principle-wise ESG indicators
 - C. **General disclosures including company info and employee data**
 - D. Audit procedures
23. What does the BRSR framework use to define its core ethical and sustainability principles?
- A. IFRS Standards
 - B. SASB Metrics
 - C. **NGRBC Guidelines**
 - D. TCFD Scenarios



24. BRSR mandates value chain ESG disclosures starting from which financial year?
- A. FY 2023–24
 - B. FY 2024–25
 - C. **FY 2025–26**
 - D. FY 2022–23
25. Which authority introduced AI-powered ESG reporting infrastructure in 2025?
- A. Ministry of Environment and Forest
 - B. **MCA in collaboration with SEBI**
 - C. Indian Institute of Corporate Affairs
 - D. NITI Aayog
- Q26. Which of the following was the first structured non-financial disclosure framework introduced in India?
- A. Sustainability Reporting Guidelines
 - B. **Business Responsibility Report (BRR)**
 - C. BRSR Core
 - D. SDG Tracker
- Q27. What major shift did BRSR introduce over the BRR framework?
- A. It focused only on environmental data.
 - B. It removed the need for assurance.
 - C. **It included both qualitative and quantitative disclosures.**
 - D. It eliminated the use of annual reports.
- Q28. What does BRSR Core primarily consist of?
- A. Optional disclosures for small companies
 - B. Leadership indicators for ESG
 - C. **Key Performance Indicators under 9 ESG attributes**
 - D. Policy-based narrative disclosures
- Q29. Which of the following principles is NOT explicitly covered under the NGRBC guidelines?
- A. Ethical Governance
 - B. Product Responsibility
 - C. **Customer Satisfaction**
 - D. Inclusive Growth
- Q30. Which version of BRSR is intended for smaller or unlisted companies?
- A. BRSR Core



- B. BRSR Comprehensive
- C. **BRSR Lite**
- D. BRSR Global

Q31. Which new disclosure was added to BRSR in 2024?

- A. Leadership Indicator on Water Use
- B. **Green Credit Disclosures**
- C. Sustainability Assurance Requirement
- D. Net Zero Mandate

Q32. In which year did SEBI first mandate BRR for the top 100 companies?

- A. 2011
- B. **2012**
- C. 2015
- D. 2019

Q33. Which of these is a voluntary indicator in BRSR?

- A. Community Initiatives
- B. Scope 1 Emissions
- C. Board Gender Diversity
- D. **Scope 3 Emissions**

Q34. Which body introduced the NVGs in 2011?

- A. SEBI
- B. **Ministry of Corporate Affairs**
- C. NITI Aayog
- D. UNEP India

Q35. Which section of the Companies Act, 2013 deals with CSR?

- A. Section 123
- B. Section 92
- C. **Section 135**
- D. Section 145

Q36. What is the main benefit of allowing interoperability of reporting frameworks under BRSR?

- A. Increased financial reporting
- B. Dual disclosures
- C. **Avoids duplication of efforts**
- D. Removes need for annual reporting



Q37. What type of assurance is required under BRSR Core from FY 2023–24?

- A. Voluntary assurance only
- B. Limited assurance
- C. **Reasonable third-party assurance**
- D. Internal audit

Q38. Which reporting format is mandatory for the top 1000 listed companies?

- A. BRSR Lite
- B. BRSR Core
- C. **BRSR Comprehensive**
- D. GRI Report

Q39. Which section of BRSR covers the number of employees and their demographics?

- A. **Section A**
- B. Section B
- C. Section C
- D. Annexure I

Q40. What principle under BRSR addresses environmental stewardship?

- A. Principle 5
- B. **Principle 6**
- C. Principle 7
- D. Principle 4

Q41. Which global standard is NOT commonly aligned with BRSR?

- A. GRI
- B. TCFD
- C. **IFRS 9**
- D. SASB

Q42. Which regulatory framework governs listing obligations and disclosure requirements under BRSR?

- A. Companies Act
- B. **SEBI LODR Regulations**
- C. Environment Protection Act
- D. CSR Rules

Q43. Which metric is emphasized under BRSR Core for global comparability?

- A. Return on Equity
- B. **Revenue adjusted for PPP**



- C. Carbon Offsets
- D. Water Usage Ratio

Q44. Which component of BRSR requires companies to identify material ESG issues?

- A. **Section A**
- B. Section B
- C. Section C
- D. Annexure II

MODULE 3

PRACTICAL GUIDANCE AND CASE STUDY ON BRSR DISCLOSURES

This module of the background material prepared for the Certificate Course on Sustainability and BRSR takes learners beyond theoretical concepts to explore the practical dimensions of preparing a Business Responsibility and Sustainability Report (BRSR). It offers a structured understanding of BRSR's format, implementation pathways, and real-world examples across multiple sectors to demonstrate how companies operationalize ESG disclosures.

Key Elements covered in this module

- **Understanding the BRSR Framework:** Introduction to SEBI's BRSR as India's flagship ESG disclosure mechanism, including its evolution from BRR, structure, and regulatory significance.
- **Three-Part Structure of BRSR:** Deep dive into the BRSR's three sections — General Disclosures, Management & Process Disclosures, and Principle-wise Performance — with guidance on interpreting both Essential and Leadership Indicators.
- **Tiered Approach to ESG Reporting:** Understanding how companies progress from minimum compliance to sector-specific best practices through Essential, Voluntary, and Industry-specific disclosures.
- **Step-by-Step Implementation Blueprint:** Practical roadmap for companies to implement BRSR — from establishing ESG governance to integrating disclosures with annual reporting and seeking third-party assurance.
- **Making Disclosures Meaningful:** Encouragement to look beyond compliance and focus on authenticity, materiality, outcome-based reporting, and investor relevance.
- **Comprehensive Case Studies**

This module helps learners internalize how disclosures under the BRSR framework are not merely compliance requirements, but strategic tools for transparency, stakeholder engagement, and long-term value creation.

3.1 INTRODUCTION: WHY BRSR MATTERS

The Business Responsibility and Sustainability Report (BRSR) is India's most comprehensive environmental, social, and governance (ESG) disclosure framework. Introduced by the Securities and Exchange Board of India (SEBI), BRSR represents a decisive shift from the older Business Responsibility Report (BRR) format toward a more structured, standardized, and globally aligned reporting mechanism.



BRSR is not just a reporting format, it is a lens through which organizations reflect their commitments to environmental stewardship, social equity, and responsible governance. It encourages companies to go beyond financial disclosure and demonstrate how they create long-term value for all stakeholders.

3.2 STRUCTURE OF THE BRSR REPORT

As discussed earlier, in the previous module, the BRSR format is divided into three broad sections, each serving a unique purpose in ESG storytelling:

3.2.1 Section A: General Disclosures

This section includes high-level corporate information, such as legal identity, industry classification, locations of operations, employee numbers, financial indicators, and energy usage. It sets the context for understanding the scale and nature of the organization's operations. Students should pay particular attention to how organizations present their carbon footprint, water consumption, and employee diversity statistics here.

3.2.2 Section B: Management and Process Disclosures

This section dives into the policies, governance mechanisms, and stakeholder engagement frameworks that support a company's ESG strategy. Companies disclose whether they have policies aligned to each of the nine NGRBC principles, the processes for policy implementation, and the roles played by the Board and senior management.

3.2.3 Section C: Principle-wise Performance

This is the heart of the BRSR report, where companies respond to **Essential Indicators (mandatory)** and **Leadership Indicators (voluntary)** for each of the nine principles. Essential indicators represent a baseline level of disclosure, while Leadership indicators signal ambition, maturity, and global alignment. Understanding these disclosures is crucial for benchmarking ESG performance across companies.

3.3 THE THREE-TIERED APPROACH TO BRSR DISCLOSURES

BRSR follows a tiered approach to disclosures to encourage progression from basic to best-in-class sustainability reporting.

(a) Mandatory Disclosures (Essential Indicators)

These are minimum, non-negotiable disclosures that every mandated company must report. They include measurable data points such as energy consumed, number of grievances resolved, total CSR expenditure, percentage of women in the workforce, and presence of policies for human rights, ethics, and sustainability.



Students should understand that these disclosures are compliance-driven, but still require careful internal coordination and data management.

(b) Voluntary Disclosures (Leadership Indicators)

These are advanced disclosures that allow a company to demonstrate ESG leadership and transparency. Examples include third-party assurance of ESG data, Scope 3 emissions, biodiversity impacts, climate risk scenario planning, and gender pay ratios.

(c) Sector-Specific Disclosures (Best Practices)

In collaboration with the National Stock Exchange (NSE) and Stakeholder Empowerment Services (SES), SEBI has released 38 sector-specific guidance documents. These guides help tailor BRSR indicators to the realities of specific industries—such as cement, textiles, pharmaceuticals, BFSI, and renewables.

For example, a cement company is expected to disclose its clinker factor and emissions per tonne of cement, while a pharma company should report on clinical trial ethics and drug safety metrics. This context-sensitive approach makes BRSR more meaningful and impactful.

3.4 IMPLEMENTING BRSR IN PRACTICE: A STEPWISE BLUEPRINT

Implementing BRSR requires more than just form-filling. It is a journey of strategic alignment, internal coordination, and external communication. The following stages are essential to understand:

Step 1: Establish Governance and ESG Accountability

Companies must constitute a cross-functional ESG team comprising representatives from compliance, HR, finance, sustainability, and operations. ESG responsibilities should be overseen at the Board or Committee level, ideally under a Risk or Sustainability Committee.

Step 2: Conduct a Materiality Assessment

A materiality analysis helps companies identify the ESG issues that are most important to their business and stakeholders. Frameworks such as GRI, SASB, and the NSE-SES guides can assist in mapping these material issues.

Step 3: Create Robust ESG Data Systems

Accurate and reliable data is the backbone of credible BRSR disclosures. Companies must develop systems for tracking KPIs such as energy usage, water recycling, emissions, diversity metrics, and stakeholder feedback.



Step 4: Map Internal Policies and Procedures

Each of the nine NGRBC principles must be mapped against the company's existing policies. Where gaps exist, new policies or revisions may be required. For example, a Supplier Code of Conduct or a Human Rights Policy.

Step 5: Draft the BRSR and Integrate with the Annual Report

The BRSR must be prepared in the prescribed format and included as part of the company's Annual Report filed with stock exchanges. Students should note that some disclosures require year-on-year comparison, making trend analysis possible.

Step 6: Consider Third-Party Assurance

Though not mandatory (yet), assurance of ESG data significantly enhances the credibility of disclosures and improves ESG scores with rating agencies. Standards such as ISAE 3000 and AA1000AS are commonly used.

3.5 MAKING BRSR MEANINGFUL: BEYOND COMPLIANCE

While BRSR provides a template, its real value lies in the quality of insights and the authenticity of communication. For students and future ESG professionals, the focus should be on:

- Understanding how ESG metrics influence investor decisions
- Evaluating the integration of ESG into core business strategy
- Connecting disclosures to outcomes (e.g., carbon reductions, social upliftment, gender balance)
- Critically analyzing the "materiality vs. maturity" of disclosures
- Recognizing when disclosures are meaningful, or mere box-ticking exercises

3.6 CONCLUSION: BRIDGING THEORY AND PRACTICE

The BRSR framework is a landmark tool that reflects India's evolution in ESG reporting and sustainable finance. It is more than a regulatory requirement, it is a platform for companies to build trust, signal integrity, and position themselves as long-term value creators.

CASE STUDIES

Case Study 1: XYZ Textiles Ltd.

Sector: Textile & Apparel

BRSR Stage: Advanced Compliance – Essential + Leadership Indicators



Applicable Principles: P2, P3, P4, P5, P6, P9

Global Alignment: GRI 303, 306 | SASB Textiles | SDGs 5, 6, 12

Narrative Summary

XYZ Textiles Ltd., headquartered in Coimbatore, is one of India's largest garment exporters with a workforce of over 15,000 and a supplier network spanning 3 countries. The company operates across spinning, dyeing, and apparel manufacturing and exports to top European fashion brands. By FY2020–21, it faced ESG scrutiny from both ends—global buyers began demanding verifiable data on water use, chemical safety, and labour conditions, while institutional investors required standardized ESG metrics aligned with SEBI's BRSR mandate.

In response, XYZ adopted the **Business Responsibility and Sustainability Report (BRSR)** framework in FY2021–22 and fully transitioned to **Essential and 80% of Leadership Indicators** by FY2022–23. The company used the **NSE-SES Sector-Specific Guide for Textiles & Apparels**, mapped GRI 303 (Water), 306 (Waste), and SASB sector-specific KPIs, and committed to a roadmap that addressed material concerns such as:

- Excessive freshwater consumption in dyeing units
- Lack of transparency in multi-tier suppliers
- Gender imbalance in operations and middle management
- Solid waste from off-cuts and dye sludge

BRSR adoption was positioned not just as a compliance measure, but as an opportunity for operational transformation, risk mitigation, and brand positioning. The report was externally assured under ISAE 3000.

Challenges / Key Issues Faced

Area	Challenge/Issue Description
Water Dependency	High freshwater use in dyeing operations made the company vulnerable to water scarcity, community pushback, and regulatory restrictions (especially in Tamil Nadu and Maharashtra).
Supply Chain Visibility	Over 40% of subcontracted activities were with unregistered or loosely monitored Tier 2 and Tier 3 vendors. ESG performance tracking was fragmented.
Gender Diversity Gaps	While shop-floor diversity was increasing, women in middle and senior management roles remained below 10%, raising internal equity concerns.



Waste Disposal & Circularity	Significant volumes of textile waste (e.g., trimmings, sludges) were sent to landfills due to inadequate waste valorization practices.
Stakeholder Skepticism	Communities near units expressed concerns about untreated effluent, and some local NGOs questioned the transparency of social impact programs.

Questions and Answers

Q1. How did XYZ manage supply chain ESG risks using the BRSR framework, particularly in dealing with Tier 2 and 3 vendors?

Answer: Under **Principle 5 of BRSR (Respect for Human Rights)**, companies are required to report on human rights practices across their value chain. XYZ's value chain included over 120 suppliers, of which a significant proportion were Tier 2 and Tier 3 vendors—often subcontractors operating informally and lacking ESG compliance mechanisms.

XYZ addressed this issue through a structured **Supplier ESG Management Program**, which included:

- **Extension of Code of Conduct** to all suppliers and sub-suppliers, making ESG compliance a part of contractual terms
- Use of **Supplier Self-Assessment Questionnaires (SAQs)** for Tier 2/3 vendors
- Implementation of **unannounced audits** using third-party social compliance agencies
- Introduction of a **Supplier Rating System**, where ESG performance affected vendor scores
- Integration of grievance redressal systems accessible via mobile, especially for women and migrant workers

This proactive approach addressed not just disclosure obligations under BRSR Section C (P5) but also enabled buyer assurance and operational risk mitigation.

Q2. What specific BRSR-aligned strategies did XYZ deploy to enhance gender equity across functions and leadership levels?

Answer: XYZ recognized gender parity as both a social and business imperative. Under **BRSR Principle 3 (Employee Well-being)** and aligned with SDG 5, it implemented a multi-layered strategy to improve gender equity:

- **Diversity Targets:** Established a time-bound goal to increase women's representation in leadership to 25% by FY2026



- **Leadership Programs:** Created tailored mentorship programs for women in supervisory roles
- **Work-Life Policies:** Introduced flexible work options, extended maternity leave, and partner benefits for returning mothers
- **Facilities:** Deployed safe transport, childcare, and menstrual hygiene infrastructure at key plants
- **Pay Parity Audits:** Conducted independent assessments and disclosed a near-parity gender pay ratio of 0.95:1

These initiatives were transparently reported under **Section C: P3** of the BRSR format and were voluntarily assured, making XYZ a benchmark employer in its sector.

Q3. How did the company mitigate risks related to excessive water usage and effluent discharge, and what BRSR disclosures reflected this?

Answer: Under **BRSR Principle 6 (Environmental Sustainability)**, XYZ was required to disclose its resource consumption and pollution footprint.

In response to water-related risks, the company:

- Installed **Zero Liquid Discharge (ZLD)** systems in 5 of its 7 dyeing units
- Conducted **annual third-party water audits**, mapping water sources, discharge volumes, and site-level risks
- Increased **recycled water use to 42%** through RO and biological treatment systems
- Partnered with **community water stewardship initiatives**, contributing to local watershed regeneration

BRSR disclosures included:

- Annual water withdrawal and consumption (in kilolitres)
- % of water reused and recycled
- Compliance with effluent discharge norms under local PCB guidelines
- Environmental expenditure and capex details

These efforts not only reduced environmental risk but also enhanced XYZ's eligibility for sustainable financing mechanisms.

Q4. How was stakeholder engagement (Principle 4) institutionalized and reported through the BRSR framework?



Answer: Principle 4 (Stakeholder Engagement) under the BRSR requires transparent, ongoing engagement with affected parties.

XYZ's approach included:

- **Quarterly stakeholder forums** at each factory location with employees, local NGOs, village leaders, and suppliers
- Formal **consultation for CSR program planning** involving community representatives
- Deployment of a multilingual **grievance mechanism**, accessible via mobile and physical kiosks
- Annual **stakeholder perception surveys** to gather feedback on environmental and social performance

BRSR Section B disclosures covered:

- Frequency of engagement
- Top issues raised (e.g., local employment, wastewater treatment)
- Resolution timelines and effectiveness
- Integration of feedback into policy updates

These actions helped the company build local legitimacy, prevent reputational backlash, and enhance the social license to operate.

Q5. In what ways did ESG assurance enhance the quality, reliability, and stakeholder trust in XYZ's BRSR disclosures?

Answer: XYZ engaged an external sustainability audit firm to verify key ESG metrics disclosed in the BRSR. This included:

- Verification of **Scope 1 and 2 GHG emissions**
- Validation of **gender representation, training hours, and grievance redressal rates**
- Assurance of **supplier audit coverage and non-compliance closures**
- Water use and ZLD data confirmed via onsite visits and utility bills

Assurance was conducted under **ISAE 3000** (for non-financial information) and followed a **limited assurance model**.

Key benefits included:

- **Investor Confidence:** Institutional investors viewed the data as credible for ESG rating assessments



- **Risk Reduction:** Reduced exposure to green washing or misrepresentation claims
- **Compliance Readiness:** Positioned XYZ ahead of potential future SEBI mandates for third-party validation
- **Continuous Improvement:** External auditors provided insights for process improvement and controls

Assurance summary and auditor credentials were published as part of the Annual Report annexures, setting a best-practice precedent in the sector.

Case Study 2: ABC Financial Services Ltd.

Sector: Banking, Financial Services and Insurance (BFSI)

BRSR Stage: Advanced (Fully Compliant + ESG Embedded Products)

Relevant Principles: P1, P4, P5, P8, P9

Global Standards Alignment: SDGs 1, 5, 8, 13 | GRI 203, 417 | SASB Commercial Banks

Narrative Summary

ABC, a large private sector financial institution with pan-India presence, began its ESG transformation journey in FY2021–22 to meet growing stakeholder expectations, mitigate climate-related credit risks, and demonstrate leadership under the SEBI BRSR mandate. With a customer base of over 25 million, the bank focused on digital financial inclusion, ESG-aligned lending, and governance reform.

By FY2022–23, ABC had fully adopted the BRSR framework and integrated ESG risk assessment into SME loan origination. It also launched a retail **green loan product suite**, covering EVs, rooftop solar, and energy efficiency upgrades. The bank used the **NSE-SES BFSI sector guide** and aligned disclosures to SDGs 1 (No Poverty), 5 (Gender Equality), 8 (Decent Work), and 13 (Climate Action).

Challenges / Key Issues Faced

Area	Challenge/Issue Description
ESG Risk Integration	Lack of ESG data from SMEs and retail clients made risk modeling difficult.
Gender Finance Gap	Female participation in SME lending remained low; limited gender-disaggregated credit data.
Product Grievance Tracking	The initial rollout of green loan products faced customer confusion and service complaints.
Digital Divide	Rural beneficiaries lacked awareness of ESG-linked financial products.
ESG Capacity Building	Internal teams lacked training on climate risk, sustainability-linked instruments, and impact metrics.



Questions and Answers

Q1. How did ABC align its products and risk practices with BRSR Principles P2 and P8?

Answer: ABC operationalized ESG integration by embedding sustainability criteria in its credit assessment processes. Under **Principle 2 (Product Lifecycle Sustainability)** and **Principle 8 (Inclusive Growth)**, the bank:

- Developed an **ESG Scoring Tool** for SMEs that factored in sectoral emissions exposure, governance quality, and labour practices
- Mapped products like EV loans and clean energy financing to SDG 13, measuring social/environmental benefits
- Established KPIs for inclusive finance: % rural penetration, number of first-time women borrowers, digital loan access
- Disclosed impact metrics in BRSR Section C: volume of ESG-aligned lending, % of ESG-screened loans, and financial literacy outreach

This built internal ESG capacity and enabled impact-focused reporting in line with the SASB Commercial Banks framework.

Q2. What governance enhancements were adopted under BRSR Principle 1 to support ESG oversight?

Answer: BRSR **Principle 1** mandates ethical, transparent, and responsible business conduct. ABC:

- Formed an **ESG Steering Committee** reporting to the Board's Risk and Audit Committees
- Integrated ESG KPIs into executive compensation for senior leadership
- Disclosed **whistleblower data**, compliance incidents, and remediation in the BRSR
- Mandated annual training on ethics, climate risk, and data privacy for 100% of employees

These initiatives enhanced governance quality, and the disclosures were mapped to GRI 102 and SDG 16 (Strong Institutions).

Q3. How did ABC address stakeholder engagement and grievance redressal under P4 and P9?

Answer: Under **Principle 4 (Stakeholder Engagement)** and **Principle 9 (Consumer Welfare)**, ABC:

- Conducted regional community consultations during the launch of ESG-linked products



- Published service-level agreements and real-time grievance dashboards (Avg. resolution time: 3.5 days)
- Deployed AI chatbots in 7 regional languages for inclusive service delivery
- Disclosed complaint volumes and resolution rates in BRSR Section C – P9

This helped establish consumer trust and demonstrated customer-centric governance.

Q4. What role did gender inclusion play in ABC's BRSR disclosures?

Answer: ABC addressed the gender finance gap through multiple initiatives under **P3 (Employee Well-being)** and **P8 (Inclusive Growth)**:

- Disaggregated borrower data by gender, highlighting female credit penetration in rural areas
- Launched specific financial products for women entrepreneurs and SHGs
- Promoted women internally: 35% of new branch manager appointments in FY23 were women
- Disclosed maternity return rates, equal pay ratios, and training hours per gender in the BRSR

These aligned with SDG 5 and helped ABC attract gender-lens investors.

Q5. How did ESG assurance strengthen the credibility of ABC's BRSR data?

Answer: ABC engaged an external assurance firm to verify:

- ESG loan book size
- Social impact indicators (beneficiaries, gender-disaggregated data)
- Green loan proceeds and usage
- GHG emissions from financed projects (Scope 3 relevance)

Using ISAE 3000, the limited assurance process enhanced the credibility of the BRSR disclosures and improved the bank's ESG rating with global index providers.

Case Study 3: PQR Cement Ltd.

Sector: Cement & Infrastructure

BRSR Stage: Sector-Leading ESG and Climate Risk Disclosures

Applicable Principles: P2, P4, P6, P8, P9

Framework Alignment: NSE-SES Cement Guide | GRI 305 (Emissions), 403 (OHS), 413 (Community) | TCFD | SDG 9, 11, 13



Narrative Summary

PQR Cement Ltd., one of India's largest building materials companies, produces over 20 million tonnes of cement annually across 9 manufacturing units. As part of a carbon-intensive industry facing scrutiny from regulators, ESG-conscious investors, and sustainability rating agencies, PQR embraced ESG transformation as a competitive strategy.

By FY2022–23, PQR had fully transitioned to the **Business Responsibility and Sustainability Report (BRSR)**, adopting all Essential Indicators and over 80% of Leadership Indicators. Using the **NSE-SES Cement Sector Guide** and TCFD-aligned frameworks, it reported comprehensively on emissions, waste heat recovery, quarry rehabilitation, community engagement, and worker safety.

PQR committed to **Science-Based Targets (SBTs)**, verified its Scope 1 and Scope 2 GHG emissions, and integrated ESG metrics into operational KPIs. It publicly disclosed climate transition risk maps, published its first **Task Force on Climate-Related Financial Disclosures (TCFD)** report, and aligned its community development efforts with SDG 11 and 13.

Challenges / Key Issues Faced

Area	Challenge/Issue Description
Carbon Emissions	Heavy reliance on clinker production resulted in high Scope 1 emissions.
Energy Efficiency	High energy intensity plants in legacy locations lacked WHRS or renewable integration.
Community Conflicts	Mining/quarry operations in rural areas led to opposition from local communities.
Health & Safety	High-risk work environments resulted in elevated near-miss and injury rates.
ESG Data Assurance	Gaps in emissions data assurance, particularly across geographically diverse plants.

Questions and Answers

Q1. How did PQR address its carbon intensity challenge using BRSR and SBTi alignment?

Answer: Under **BRSR Principle 6 (Environmental Sustainability)** and **SDG 13 (Climate Action)**, PQR committed to a measurable decarbonization roadmap by:

- Aligning with **Science-Based Targets initiative (SBTi)** for cement emissions



- Disclosing GHG Scope 1 and 2 emissions using the **GRI 305 framework**
- Reducing the **clinker-to-cement ratio to 0.65**, by increasing use of fly ash, slag, and calcined clay
- Implementing **Waste Heat Recovery Systems (WHRS)** in 5 plants to reduce fossil fuel reliance
- Establishing internal carbon pricing of ₹1,200 per tonne CO₂ for project appraisal

These disclosures were captured in BRSR Section C: P6 and integrated with TCFD climate scenario analysis (1.5°C and 2°C stress test models). The company's year-on-year carbon intensity (kg CO₂/tonne cementitious product) decreased by 18% over three years.

Q2. How did PQR use BRSR Principle 2 to drive material resource efficiency in cement production?

Answer: Under **Principle 2 (Product Lifecycle Sustainability)**, PQR optimized its resource use by:

- Reducing thermal energy consumption per tonne through alternative fuels (biomass, plastic waste)
- Substituting traditional inputs with industrial by-products (fly ash, steel slag)
- Implementing **closed-loop water circuits** to reduce fresh water intake in grinding units
- Disclosing product lifecycle emissions and energy intensity per tonne

BRSR disclosures under Section C included raw material efficiency, % use of blended cement (60%), and alternative fuel substitution rates (20%). These actions helped align with SDG 12 (Responsible Consumption and Production).

Q3. How did the company mitigate and disclose social risks related to quarrying and local community impacts under BRSR P4 and P8?

Answer: PQR operated limestone quarries near rural settlements, triggering concerns over land use, air quality, and displacement. Under **BRSR Principle 4 (Stakeholder Engagement)** and **P8 (Inclusive Growth and Equitable Development)**, PQR:

- Established **Community Advisory Panels** with local panchayat members and NGOs
- Conducted **social impact assessments (SIA)** aligned with GRI 413
- Developed a **Grievance Redress Mechanism**, disclosing complaint volumes and resolution timelines in its BRSR
- Invested ₹110 crore in FY23 in community development: drinking water, school infrastructure, mobile health vans



- Adopted **Free Prior Informed Consent (FPIC)** for expansion projects

These actions demonstrated proactive stakeholder risk management and were disclosed in Section C (P4 and P8) of the BRSR, with outcomes and success stories detailed.

Q4. What occupational health and safety (OHS) improvements did PQR make under BRSR P3 and how were they disclosed?

Answer: Under **Principle 3 (Employee Well-being)** and GRI 403, PQR addressed health and safety risks by:

- Implementing **Behaviour-Based Safety (BBS)** training for all plant-level workers
- Digitizing hazard reporting systems to enable real-time alerts
- Reducing LTIFR (Lost Time Injury Frequency Rate) by 26% YoY
- Conducting third-party safety audits annually
- Extending OHS programs to contractors and transporters

BRSR disclosures included:

- Total workforce and contractor injuries
- Days lost due to incidents
- Percentage of employees trained in safety protocols
- Near-miss reporting system effectiveness

These actions improved compliance and enhanced worker morale and retention.

Q5. How did ESG assurance and external benchmarking improve the quality and credibility of PQR's BRSR disclosures?

Answer: PQR engaged an **audit firm** to assure its ESG metrics using the **ISAE 3410 standard for GHG emissions**, and **ISAE 3000 for social and governance indicators**. Key benefits included:

- **Assurance of Scope 1, 2, and partial Scope 3 emissions**, which improved ratings with MSCI and Sustainalytics
- Verified community investment figures and stakeholder grievance metrics
- Enhanced credibility with lenders for a ₹800 crore green bond issued in FY23
- Data assurance disclosures published as an annexure to the Annual Report

This helped PQR comply with BRSR Leadership Indicators and global investor expectations under TCFD and CDP.



Case Study 4: KLM India Ltd.

Sector: Pharmaceuticals & Biotechnology

BRSR Stage: Advanced ESG Leadership with Global Health Focus

Applicable BRSR Principles: P1, P3, P5, P6, P9

Global Alignment: GRI 416 (Customer Health), 403 (OHS), 305 (Emissions), SASB Pharma, SDG 3, 5, 12

Narrative Summary

KLM India Ltd. is a mid-cap pharmaceutical firm with a global footprint in generic medicines, vaccines, and active pharmaceutical ingredients (APIs). As a company at the intersection of public health and industrial impact, KLM faced rising demands for greater ESG transparency—especially regarding access to medicines, supply chain ethics, clinical trial governance, and environmental controls around effluents.

In FY2021–22, the company initiated a full transition to the BRSR format and by FY2022–23 had disclosed **100% of Essential Indicators** and **over 90% of Leadership Indicators**. It aligned its disclosures with **GRI 416 (Customer Health)**, **SASB Pharma**, and **SDG 3 (Good Health)**. KLM was also one of the few Indian pharma companies to disclose an **Antimicrobial Resistance (AMR) Strategy**, link it to BRSR Principle 9, and publish its pharmacovigilance record publicly.

Its ESG disclosures covered patient safety, ethics in clinical trials, supplier audits, hazardous waste disposal, and emissions from production facilities. The company also published its first **voluntary ESG & Access to Medicine Report**.

Challenges / Key Issues Faced

Area	Challenge/Issue Description
Ethical Clinical Trials	Ensuring full compliance with informed consent, data privacy, and trial transparency across diverse geographies.
API Manufacturing Waste	Complex waste treatment and high-water use led to local community complaints.
AMR Risk Management	Lack of frameworks in India for antimicrobial stewardship reporting posed a challenge.
Supply Chain Oversight	Limited control over ESG performance of contract manufacturers and API vendors.
Gender Equity	Women's representation in R&D and leadership remained below global benchmarks.



Questions and Answers

Q1. How did KLM address ethical concerns around clinical trials under BRSR Principle 5 (Human Rights)?

Answer: Under **Principle 5 of BRSR**, companies must uphold human rights in all operations and value chains—including clinical research. KLM implemented a multi-tiered governance framework:

- Registered 100% of clinical trials with WHO-approved registries
- Ensured trials followed ICH-GCP guidelines with **independent ethics committees** at each site
- Conducted mandatory **participant informed consent audits** through third-party monitors
- Integrated grievance channels for trial participants into their ethics compliance process
- Published a summary of ongoing trials and protocols in its BRSR Section C under P5

These practices helped KLM mitigate litigation risks, align with SDG 3 (Good Health), and enhance trust with regulators and investors.

Q2. What were KLM's key environmental risk mitigations for API manufacturing, and how were they reported under BRSR?

Answer: API manufacturing poses high environmental risks due to chemical effluents, high water consumption, and energy use. Under **Principle 6 (Environmental Sustainability)**:

- KLM implemented **Zero Liquid Discharge (ZLD)** systems across 3 major manufacturing sites
- Used real-time monitoring systems for **effluent chemical oxygen demand (COD)** and **biological oxygen demand (BOD)**
- Decreased water consumption per unit output by 27% over 3 years
- Publicly disclosed emissions data (Scope 1 & 2) and hazardous waste disposal metrics in BRSR Section C
- Aligned its disclosures with **GRI 305 (Emissions)** and **306 (Effluent and Waste)**

These actions were further supported by third-party audits and community reporting frameworks.

Q3. How did KLM operationalize BRSR Principle 9 (Consumer Welfare) through pharmacovigilance and access to medicine disclosures?



Answer: Under **Principle 9**, companies must ensure product safety, transparency, and responsible marketing. KLM's initiatives included:

- A **24/7 Pharmacovigilance Unit** covering 47 countries, integrated into product labeling and complaint channels
- Annual **adverse event reports** submitted to CDSCO and foreign regulators
- Product recall rate kept below 0.001%
- Affordable generic versions of 52 WHO Essential Medicines, disclosed in Section C under P9
- Expansion of public-private partnerships to distribute critical drugs in underserved regions

This contributed to SDG 3 and demonstrated alignment with GRI 416 and the Access to Medicine Index indicators.

Q4. What internal diversity and equity mechanisms were deployed to support BRSR Principle 3 (Employee Well-being)?

Answer: KLM sought to address the gender equity gap and support overall workforce well-being through:

- Targeted hiring for women scientists in R&D, improving female representation from 18% to 26% in 2 years
- Introduction of paternity leave and family care policies
- Equal pay certification based on external audit results (GPR 1.01)
- 100% of employees covered by EHS training, mental health resources, and grievance redressal systems

These measures were disclosed under P3 in the BRSR, with metrics on workforce diversity, absenteeism, and return-to-work rates.

Q5. How did KLM use ESG assurance and stakeholder engagement to improve the quality of its BRSR disclosures?

Answer: KLM's ESG governance strategy involved:

- Engaging third-party assurance firms to validate emissions, social impact, and health outcomes
- Adopting **ISAE 3000 assurance** for its BRSR indicators, including access-to-medicine reach and clinical ethics compliance



- Conducting **annual stakeholder surveys** with patient groups, NGOs, and healthcare providers
- Publishing stakeholder concerns and responses as part of the BRSR Section B and Principle 4 disclosures

These steps improved transparency, helped mitigate reputational risks, and attracted ESG-focused global investors.

Case Study 5: OPQ Energy Solutions Ltd.

Sector: Renewable Energy (Wind & Solar)

BRSR Stage: Voluntary Leader – Beyond Compliance

Applicable BRSR Principles: P2, P4, P6, P8, P9

Global Alignment: GRI 302 (Energy), 305 (Emissions), 413 (Local Community), TCFD, SDGs 7, 9, 11, 13

Narrative Summary

OPQ Energy Solutions Ltd. is a mid-sized renewable energy company focused on wind farms and solar microgrids, with a cumulative installed capacity of 2.8 GW across India. Despite being outside the top 1000 listed entities, OPQ voluntarily adopted the BRSR framework in FY2021–22 as part of its capital market strategy and ESG leadership positioning.

By FY2022–23, the company had completed full disclosure of all **Essential Indicators** and over 95% of **Leadership Indicators**, integrated climate risk assessments (per TCFD), and published an impact-linked green bond framework aligned with ICMA principles.

OPQ used the **NSE-SES Renewable Energy Sector Guide** to disclose metrics such as emissions avoided, community electrification impact, and climate resilience planning. It issued a ₹500 crore green bond, verified by a second-party opinion (SPO), and voluntarily assured its BRSR data under **ISAE 3410**.

Challenges / Key Issues Faced

Area		Challenge/Issue Description
Climate Mapping	Risk	Limited internal capacity to conduct scenario analysis and climate risk assessments across assets.
Data on Energy Access Impact		Difficulty quantifying and verifying community-level energy access outcomes.
Carbon Credibility	Offset	Concerns around the authenticity and additionality of carbon credits used for neutrality claims.



Stakeholder Trust	Community resistance in select locations due to lack of early engagement and perceived inequity in benefits.
Reporting Fatigue	Multiple overlapping ESG reporting frameworks created resource strain on a lean sustainability team.

Questions and Answers

Q1. How did OPQ use the BRSR framework to align its renewable energy projects with national and global sustainability goals (P2, P6)?

Answer: OPQ aligned with **Principle 2 (Product Lifecycle Sustainability)** and **Principle 6 (Environmental Sustainability)** by:

- Disclosing the **total GHG emissions avoided (1.1 million tCO₂e/year)** across wind and solar projects
- Publishing **lifecycle emissions (Scope 1 & 2) of its operations** and achieving net-zero status via verified offsets
- Using **GRI 302 and 305** to report energy generation, efficiency ratios, and emissions intensity (gCO₂/kWh)
- Integrating SDG mapping: SDG 7 (Affordable & Clean Energy), SDG 13 (Climate Action)

All disclosures were made in BRSR Section C, including KPIs on renewable energy production, emissions abatement, and water-neutrality commitments at solar parks.

Q2. What approach did OPQ take to assess and disclose climate risks under TCFD and BRSR Principle 6?

Answer: To comply with **TCFD recommendations** and BRSR P6, OPQ:

- Developed a **climate risk register** to assess exposure to physical (flood, drought) and transition risks (carbon pricing, regulation)
- Conducted **scenario analysis** using IPCC models (RCP 4.5 and RCP 8.5) for key sites in Rajasthan, Tamil Nadu, and Gujarat
- Integrated risk findings into Board-level discussions and asset investment decision-making
- Disclosed resilience measures such as elevated substations, wind turbine fault-tolerant systems, and insurance coverage

This alignment with TCFD and voluntary BRSR indicators helped OPQ communicate its climate readiness to global investors.



Q3. How did OPQ manage social impact and community engagement through the BRSR lens (P4 and P8)?

Answer: Operating in remote and underserved regions, OPQ embraced **Principle 4 (Stakeholder Engagement)** and **Principle 8 (Inclusive Growth)** by:

- Installing **solar microgrids in 24 unelectrified villages**, benefiting over 1 lakh people
- Establishing **Community Energy Advisory Councils (CEACs)** to co-design last-mile electrification models
- Providing 3,500+ hours of training for local youth on solar maintenance and entrepreneurship
- Disclosing grievance redressal data, community satisfaction scores, and local employment ratios in BRSR Section C

These practices were aligned with **GRI 413 (Community Engagement)** and supported OPQ's commitment to energy justice and SDG 11.

Q4. How did the company ensure transparency and credibility in its carbon neutrality claims and green bond framework?

Answer: To back its claim of being a net-zero company, OPQ:

- Purchased verified carbon offsets from Gold Standard and VERRA-certified projects
- Disclosed project-level emission reductions, offset retirement IDs, and validation audits
- Issued a ₹500 crore green bond with **ICMA-aligned Green Bond Framework**, reviewed by a top-tier **second-party opinion (SPO) provider**
- Used **ISAE 3410** assurance for carbon data, with disclosures published in its annual ESG report and BRSR

This transparent, externally validated approach-built investor trust and ensured full BRSR alignment under P6 and P9.

Q5. What mechanisms were adopted to manage reporting complexity and streamline ESG data under BRSR and other global standards?

Answer: To address **reporting fatigue and duplication**, OPQ adopted the following strategies:

- Implemented an **ESG Data Management System (EDMS)** integrating BRSR, CDP, GRI, and TCFD requirements
- Created **internal crosswalks** mapping BRSR metrics to GRI, SASB, and SDG indicators



- Designated ESG leads within each business function (engineering, community, finance) to ensure data accountability
- Published a consolidated **Integrated ESG and BRSR Disclosure Matrix** to communicate with multiple stakeholders

This approach not only ensured consistency and completeness in disclosures but also reduced duplication of efforts across frameworks.

MODULE 4

ESG DATA MANAGEMENT

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.

ESG in India: A Focused Look:

Post-Pandemic Surge in Global ESG Investing: Witness the growing demand for ESG investments and their implications for businesses worldwide.

Challenges and Missing Links in ESG Adoption:

Identify the roadblocks faced by companies in adopting and implementing ESG and discovering strategies to overcome them.

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

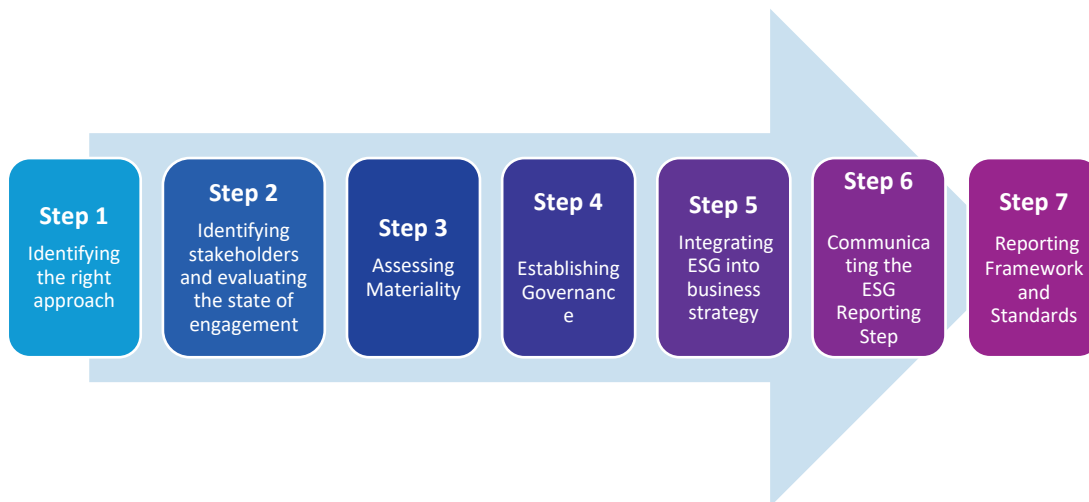
To help the listed entities in understanding the updated disclosure requirements and concepts associated with the new format of the BRSR, National Stock Exchange of India (“**NSE**”), in association with Stakeholder Empowerment Services (“**SES**”), has conceptualized 39 sector-specific integrated guides 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

¹<https://www.nseindia.com/resources/publications-reports-corporate-governance-reports>



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.

(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”.

²<https://www.nyse.com/esg-guidance>



- 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 data 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. The 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 (“Col”) 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.

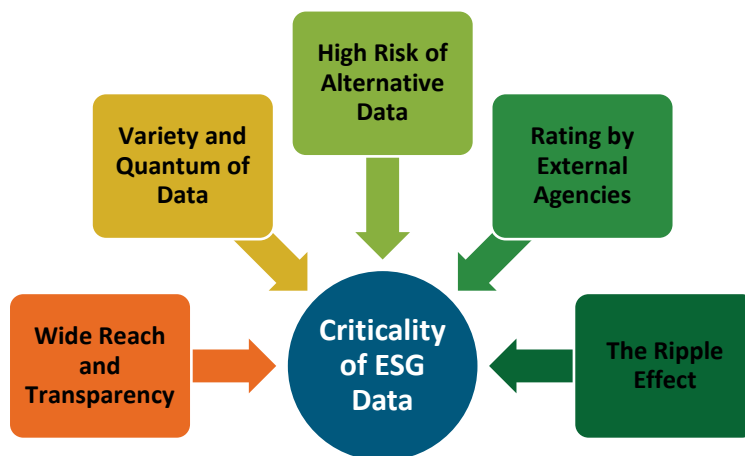


(d) **Coal India Limited:**

- 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, Bio-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 independent 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 consider 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
<ul style="list-style-type: none"> • Data Consolidation Errors • Incomplete Data Collection • Lack of ESG Awareness • Past Reporting Inaccuracies 	<ul style="list-style-type: none"> • Recording Gaps • Waste Management Issues • Fuel Consumption Oversight • Inaccurate Emission Data 	<ul style="list-style-type: none"> • Employee Data Ambiguities • Training Deficiencies • Inadequate CSR Data • Health and Safety Reporting 	<ul style="list-style-type: none"> • 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.

Solution: Implement robust data management platforms and software that can integrate and validate data from various sources, ensuring consistency and accuracy.

- (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.

Solution: Develop comprehensive data collection protocols and periodic audits to ensure that all operational sites consistently provide the necessary data.

- (c) **Frequent Changes in SPOCs:** A changing Single Point of Contact can disrupt the data collection flow, causing delays or inconsistencies.

Solution: Train multiple team members in ESG data collection and reporting. Regular training can ensure knowledge transfer and consistency even if SPOCs change.

- (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.

Solution: Implement regular ESG awareness and training programs to ensure every staff member understands the company's ESG goals and their role in achieving them.

- (e) **Past Reporting Inaccuracies:** Discrepancies in previously reported data can affect the consistency and credibility of future reports.



Solution: Conduct retroactive audits to identify and rectify past inaccuracies. This establishes credibility and ensures consistency in 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.

Solution: Install automated or AI-based monitoring systems and sensors for real-time tracking of environmental metrics, ensuring continuous and accurate data collection.

- (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.

Solution: Partner with certified waste management firms and implement strict waste management protocols. Periodic audits can ensure compliance.

- (c) **Fuel Consumption Oversight:** Overlooking details like diesel or petrol usage for machinery or not differentiating fuel source usage (mobile v/s stationary) can skew emission data.

Solution: Implement fleet management systems and IoT devices on machinery to monitor fuel consumption accurately.

- (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.

Solution: Collaborate with third-party environmental consultants for periodic emission audits and ensure proper calibration of measuring equipment.

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.

Solution: Implement HR management software that clearly categorizes and tracks different employee types as per BRSR requirements ensuring data clarity and correctness.

- (b) **Training Deficiencies:** If training sessions aren't adequately recorded or critical personnel aren't trained, it can affect the organization's ESG performance.

Solution: Adopt digital training platforms that record sessions, topics, and attendance automatically, ensuring transparency and completeness in training data.



- (c) **Inadequate CSR Data:** While financial contributions to Corporate Social Responsibility might be documented, beneficiary details or impact metrics might be missing.

Solution: Collaborate with NGOs and beneficiaries for feedback and impact reports. Utilize platforms that track and measure BRSR specific CSR impact metrics.

- (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.

Solution: Establish stringent health and safety reporting mechanisms and conduct regular safety drills. Use incident management systems for real-time tracking and reporting of safety incidents.

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.

Solution: Establish dedicated ESG committees and assign board members specific ESG responsibilities. Regular board reviews can ensure governance alignment with ESG goals.

- (b) **Policy Gaps:** Missing policies or the absence of board approvals on existing policies can lead to governance shortfalls.

Solution: Conduct periodic policy reviews and engage with stakeholders for feedback. Collaborate with ESG consultants to ensure that policies are comprehensive and up-to-date.

- (c) **Absence of Redressal Mechanisms:** Lack of proper grievance redressal channels may lead to reduced stakeholder trust and regulatory compliance issues.

Solution: Implement grievance redressal platforms that allow stakeholders to voice concerns. Regularly review and act upon grievances to ensure stakeholder trust.

- (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.

Solution: Extend ESG training and awareness to value chain partners. Collaborate for joint ESG initiatives and ensure partners align with the organization's ESG standards.

4.5.5 BRSR Core Data Challenges

- (a) **Intensity based on output:** The intensity calculations are based on output metrics, but they lack proper standardization, leading to inconsistent reporting and comparability across units.



Solution: Implement standardized frameworks for intensity calculations based on output, ensuring consistency across all reporting units, and align with BRSR

- (b) **Water discharge not recorded:** Water discharge data is not being accurately tracked, resulting in gaps in environmental reporting and difficulty in managing water usage and impacts.

Solution: Establish a comprehensive water monitoring system to track water discharge across operations. Integrate sensors or manual tracking methods with automated reporting tools to ensure accurate and consistent data collection.

- (c) **Spending in wellbeing measures unclear:** There is a lack of clarity in the reporting of spending on employee wellbeing initiatives, making it challenging to assess the effectiveness of these measures.

Solution: Develop a clear internal policy for tracking and categorizing spending on wellbeing measures. Implement a dedicated budget tracking system to enhance transparency and reporting.

- (d) **Safety incidents not being recorded:** Safety incidents are not consistently recorded, hindering the ability to track and mitigate workplace risks effectively.

Solution: Introduce a standardized safety incident reporting system across all sites, ensuring that all incidents, near misses, and safety breaches are logged, investigated, and reported consistently.

- (e) **Job creation in small towns:** The impact of job creation in small towns is not captured in the data, limiting the assessment of the company's contribution to local economic development.

Solution: Companies should start maintaining location-wise employment data in the HR software.

- (f) **Data breach incidents not being tracked:** Incidents of data breaches are not systematically tracked, leaving the organization vulnerable to regulatory non-compliance and security risks.

Solution: Establish a centralized incident response and logging system that mandates the documentation of all data breaches, including near misses. Use automated cybersecurity monitoring tools with incident reporting modules and integrate with ESG dashboards for transparency and compliance reporting.

- (g) **Trading house identification not available:** The identification of trading houses is not included in the data, impeding supply chain transparency and accountability.



Solution: Mandate the collection and inclusion of trading house identifiers (e.g., registration numbers, GSTIN, LEI codes) in supply chain and procurement data. Use blockchain or centralized procurement platforms to maintain verifiable and traceable records of all intermediaries.

4.5.6 eXtensible Business Reporting Language (XBRL)

- (a) **Calculations not matching:** ESG-related calculations are inconsistent, with discrepancies between reported figures, reducing the reliability and trustworthiness of the data.

Solution: Automate ESG data collection and validation processes using rule-based engines to ensure consistency across all figures. Implement pre-submission checks within the XBRL generation tools that highlight discrepancies between derived and reported values.

- (b) **Improper data reported in BRSR:** The data reported in the Business Responsibility and Sustainability Report (BRSR) is inaccurate, undermining the integrity of the company's sustainability disclosures.

Solution: Introduce stricter internal review protocols, including cross-functional ESG data committees and third-party audit layers. Use standardized data collection templates that align with BRSR reporting requirements to reduce manual entry errors.

- (c) **Different format of data required for XBRL:** The data needs to be presented in a different format for XBRL compliance, requiring additional data transformation processes that are currently not streamlined.

Solution: Regularly track changes in XBRL as issued by the stock exchanges.

- (d) **Lack of data leading to non-validation of XBRL:** Insufficient or incomplete data is preventing the validation of XBRL reports, risking non-compliance with regulatory requirements.

Solution: Utmost care to be placed while preparing the BRSR report. Teams should be mandated to match the XBRL requirements with the BRSR report.

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



	<p>intricacies. This foundational understanding ensures ESG initiatives resonate with the company's broader goals.</p> <p>(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.</p>
Identify SPOCs	<p>(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.</p> <p>(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.</p>
Engage with SPOCs	<p>(e) Continuous Dialogue: Maintaining an open channel for communication with SPOCs ensures timely identification and resolution of challenges.</p> <p>(f) Data Templates & Standards: By interacting with SPOCs, teams can understand and explain the required data templates, ensuring uniformity and accuracy in data collection.</p>

Phase 2 - Execution	Steps Involved
Materiality Assessment	<p>Relevance Determination: Materiality Assessment involves identifying and prioritizing the most important focus areas pertinent to stakeholders and aligning them with the organization's strategic objectives.</p> <p>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.</p>
Identify Gaps	<p>Comprehensive Review: This step involves scrutinizing the existing ESG framework to identify any shortcomings or areas that require bolstering.</p> <p>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.</p>



Data Collection and Collation	<p>Unified Database: Consolidating data from various sources into a unified database ensures easy access and analysis.</p> <p>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.</p>
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Phase 3 - Publication	Steps Involved
Update Reports	<ol style="list-style-type: none"> Standardized Reporting: The final ESG data is integrated into standardized reports, ensuring consistency in presentation. Accessible Formats: Data should be published in widely accepted formats like BRSR and XBRL, ensuring it's easily accessible to stakeholders.
Stakeholder Communication	<ol style="list-style-type: none"> Engaging Presentations: While data is crucial, its presentation determines its impact. Incorporating visuals, infographics, and easy-to-understand language can enhance stakeholder engagement. Feedback Mechanism: Once published, it's essential to have a mechanism to gather feedback from stakeholders, ensuring continuous improvement in subsequent reports.

4.7. 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

4.8 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
1. Anti-Bribery 2. Anti-Corruption 3. Conflict of Interest 4. Whistle Blower Policy (Vigil Mechanism Policy) 5. Related Party Transaction Policy	1. Trainings and Awareness 2. Control Mechanism 3. Redressal and Grievance Procedures 4. Complaints/Cases 5. Fines & Penalties 6. Trainings and Awareness 7. Control Mechanism	1. Company Secretarial 2. Legal 3. Human Resource 4. Company Secretarial 5. Legal 6. Company Secretarial 7. Company Secretarial



6. Fair Disclosure Code	8. (Board Evaluation Policy)	8. Company Secretarial
7. Dividend Distribution Policy	9. Tax Calculations	9. Legal & Tax
8. Fair Remuneration Policy	10. Manual of Code of Conduct	10. Corporate & Secretarial
9. Tax Strategy		
10. Code of Business Ethics		

Principle 2: Sustainable Product

Policies	Indicators	Functional Areas
1. Sustainability Sourcing	1. Product/Service Innovation	1. Company Secretarial
2. Safe disposal/recycling/reuse of packing material	2. Sustainable Sourcing	2. Legal
3. Product Safety and Quality	3. Life Cycle Assessment	3. Human Resource
4. Supply Chain Management Policy	4. Recycling & Reusing	4. Production
5. Sustainability Sourcing	5. Product/Service Innovation	5. Procurement

Principle 3: Employee Well-being

Policies	Indicators	Functional Areas
1. Employee and Workmen Benefits	1. Benefits & Compensation	Human Resource
2. Health and Workplace Safety	2. Equal opportunities	
3. Skill Development	3. Care for specially-abled	
4. Return to work policy	4. Right of association	
5. Employee Code of Conduct	5. Upskilling	
6. Prevention of child labor and forced labor	6. Occupational health & safety	
7. Employee training and development policy	7. Value chain assessment	
8. Employee and Workmen Benefits	8. Post-retirement assistance	



Principle 4: Stakeholder Management

Policies	Indicators	Functional Areas
1. Stakeholder Identification	1. Stakeholder Engagement	Leadership
2. Mode of Communication	2. Stakeholder Involvement	

Principle 5: Human Rights

Policies	Indicators	Functional Areas
1. Human Rights Policy	1. Minimum wages	1. Human Resource
2. Equal opportunity for Work and Pay policy	2. Remuneration	2. Leadership & Human Resource
3. Criteria for making payments to Non-Executive Directors	3. Remuneration	3. Leadership & Human Resource
4. Grievances mechanism	4. Due diligence of Plants and Sites	4. Corporate & Secretarial
5. Sourcing from ESG Compliant Value Chain Partners	5. Supply Chain Assurance	5. Procurement

Principle 6: Environment

Policies	Indicators	Functional Areas
1. Waste disposal and management	1. Water conservation	1. Human Resource
2. Emission Management and Carbon Reduction	2. Emission reduction	2. Production & IT
3. Energy Policy	3. Waste upcycling	
4. GHG Accounting	4. Biodiversity preservation	
5. Waste disposal and management	5. Energy transition	
6. Emission Management and Carbon Reduction	6. Climate action	
7. Energy Policy	7. Energy efficiency	



Principle 7: Public Policy

Policies	Indicators	Functional Areas
1. Public policy and advocacies	1. Affiliation & trade association 2. Public policy advocacy	1. Company Secretary 2. Compliance

Principle 8: Community

Policies	Indicators	Functional Areas
1. Preferential Procurement 2. Corporate Social Responsibility 3. Community engagement and fair practices	1. Social Impact Assessment 2. CSR 3. Local sourcing	1. Procurement 2. Compliance 3. Leadership & Procurement

Principle 9: Consumer

Policies	Indicators	Functional Areas
Consumer Practices Data Governance and Privacy	Customer engagement Fair communication Customer awareness Data security & privacy Cyber security	Marketing Product Operations IT and Data security

MULTIPLE CHOICE QUESTIONS

- Which principle emphasizes that ESG data should remain consistent across reporting periods?
 - Relevance
 - Completeness
 - Comparability**
 - Materiality



2. The GRI Standards are primarily classified under which type of ESG reporting framework?
 - a) **Principle-based**
 - b) Rule-based
 - c) Sector-neutral
 - d) Metric-heavy
3. Which stage of the Sustainability Reporting Maturity Model involves defined ESG data governance?
 - a) Emerging
 - b) **Established**
 - c) Leading
 - d) Reactive
4. In ESG data management, the term 'materiality matrix' primarily helps in:
 - a) Data visualization
 - b) Stakeholder mapping
 - c) **Prioritizing ESG topics**
 - d) Risk scoring
5. Scope 3 emissions typically pose the highest challenge in:
 - a) Verification
 - b) Attribution
 - c) Disclosure
 - d) **Quantification**
6. The primary benefit of ESG data digitization is:
 - a) Faster investor returns
 - b) Reduced compliance cost
 - c) **Improved data accuracy**
 - d) Higher profitability



7. **ESG ratings agencies primarily assess:**
 - a) Corporate creditworthiness
 - b) Environmental liabilities
 - c) **Non-financial performance**
 - d) Shareholder activism
8. **Which reporting framework mandates 'double materiality' in ESG disclosures?**
 - a) SASB
 - b) TCFD
 - c) **CSRD**
 - d) GRI
9. **One of the biggest risks in ESG data assurance is:**
 - a) Cybersecurity
 - b) **Greenwashing**
 - c) Legal litigation
 - d) Regulatory penalties
10. **ESG data quality is most compromised when:**
 - a) Material topics are predefined
 - b) **Source systems are siloed**
 - c) Auditors are internal
 - d) Reports are voluntary
11. **The 'S' in ESG reporting is least quantifiable due to:**
 - a) Volatility of labor costs
 - b) **Subjective stakeholder expectations**
 - c) Unavailable benchmarks
 - d) Legal non-mandates
12. **Which data attribute ensures ESG information is accessible when needed?**
 - a) Timeliness
 - b) Reliability



- c) **Availability**
 - d) Auditability
13. **BRSR Core disclosures are mandatory for:**
- a) All public companies in India
 - b) **Top 1000 listed entities by market cap**
 - c) SEBI-registered financial institutions
 - d) All ESG-focused mutual funds
14. **Sustainability reporting software primarily reduces:**
- a) ESG policy gaps
 - b) **Data duplication**
 - c) Stakeholder activism
 - d) Environmental footprint
15. **A key feature of a mature ESG data management system is:**
- a) Outsourced reporting
 - b) Annual stakeholder review
 - c) **Real-time data integration**
 - d) Manual data entry checks
16. **Which of these is a lagging ESG indicator?**
- a) Energy reduction initiatives
 - b) Employee training hours
 - c) **Number of spills last year**
 - d) Supplier ESG audits planned
17. **SASB standards are designed to be:**
- a) Industry-neutral
 - b) Country-specific
 - c) **Industry-specific**
 - d) Forward-looking



18. The first step in ESG data lifecycle management is:
- a) Verification
 - b) **Collection**
 - c) Validation
 - d) Publication
19. ESG data that cannot be traced to original records lacks:
- a) Timeliness
 - b) **Verifiability**
 - c) Relevance
 - d) Precision
20. BRSR disclosures are aligned with which global standard?
- a) CDP
 - b) SASB
 - c) **GRI**
 - d) IIRC
21. Which function ensures internal consistency of ESG data across departments?
- a) Sustainability council
 - b) **Data steward**
 - c) Internal audit
 - d) Compliance head
22. One primary role of the ESG Data Officer is to:
- a) Approve ESG budgets
 - b) Align ESG with marketing goals
 - c) **Ensure data traceability and audits**
 - d) Author sustainability policies
23. Which tool is used to map ESG data to strategic risks?
- a) ESG Impact Tracker
 - b) Risk Control Matrix



- c) **Materiality Map**
- d) Compliance Dashboard

24. BRSR mandates that grievance redressal data must be disclosed under:

- a) Principle 2
- b) Principle 4
- c) **Principle 5**
- d) Principle 8

25. A limitation of using Excel for ESG data management is:

- a) High licensing cost
- b) **Weak audit trail**
- c) Real-time data sync
- d) ESG taxonomy integration

CASE STUDIES

Case Study 1

Green Power Co. is a mid-sized renewable energy company headquartered in Pune, with operations across five Indian states. The company operates solar, wind, and small-scale hydroelectric plants and has recently diversified into smart grid technologies. As part of regulatory compliance and stakeholder pressure, Green Power Co. has initiated its first Business Responsibility and Sustainability Report (BRSR) submission.

However, the ESG data collection process has exposed serious gaps. The company has no documented ESG oversight framework at the board level, and an ESG committee has yet to be formed. Emissions from its solar panel manufacturing unit are being measured using outdated sensors, and the devices haven't been calibrated in over a year. Moreover, there is no process in place to internally verify this emissions data before reporting.

Green Power Co. is uncertain about how to align its reporting with appropriate ESG frameworks. It is also facing internal pushback on assigning ownership of ESG KPIs, as senior managers see it as an additional burden rather than a strategic priority. Stakeholder engagement has been minimal, with no materiality assessment conducted so far. The company is aware of ESG scoring agencies like MSCI and CRISIL but hasn't engaged with any third-party assessments or external assurance providers.

MCQ 1: Green Power Co.'s failure to assign board-level oversight for ESG activities represents a breach in which of the following governance principles critical to ESG reporting?



- A. Inadequate whistleblower protection
- B. Lack of vendor screening
- C. **Missing top-level accountability and oversight**
- D. Improper tax disclosure

MCQ 2: Which of the following measures is most appropriate to address Green Power Co.'s emissions data inconsistencies and calibration issues?

- A. Outsource the emissions reporting to a marketing consultant
- B. Install solar panels with embedded sensors
- C. **Engage certified environmental consultants for emissions audits and calibrate existing devices**
- D. Halt reporting emissions until internal capacity improves

MCQ 3: In the absence of a formal materiality assessment or stakeholder engagement, Green Power Co. is failing to meet a foundational step under which ESG reporting framework principle?

- A. Reporting ethics
- B. **Stakeholder inclusiveness and relevance**
- C. Financial accounting accuracy
- D. Tax compliance

MCQ 4: To enable high-quality and comparable sustainability disclosures, which of the following frameworks should the Company align with initially?

- A. International Financial Reporting Standards (IFRS)
- B. General Data Protection Regulation (GDPR)
- C. **Global Reporting Initiative (GRI) Standards**
- D. Basel III Norms

Case Study 2

Bio Pharma Co. is a consumer-focused company that manufactures skincare and hygiene products across two major plants in Gujarat and Tamil Nadu. Despite its reputation for ethical sourcing and cruelty-free testing, the company has struggled with social data accuracy in its ESG reporting. During the recent internal audit of its BRSR readiness, it was discovered that there was no distinction made in the HR system between regular employees and contract



workers. The lack of this data granularity compromises the integrity of social metrics related to workforce diversity and equity.

Moreover, employee training initiatives were poorly documented. While safety and hygiene trainings are conducted monthly, attendance records are inconsistent and digital logs are missing for key sessions.

On the CSR front, although Bio Pharma Co. donates 2% of net profits annually to local NGOs, it lacks detailed reporting on beneficiaries or metrics to evaluate the actual community impact of these contributions.

MCQ 1: What specific HR system flaw is contributing to inaccuracy in Bio Pharma Co.'s social ESG metrics?

- A. Absence of age verification systems
- B. **No classification between different employment types**
- C. Over-documentation of compensation benefits
- D. Manual payroll systems

MCQ 2: What digital solution would best help Bio Pharma Co. improve training documentation and attendance tracking?

- A. Paper sign-in registers
- B. Localized spreadsheet logs
- C. **Digital training and learning management platforms**
- D. Outsourcing HR to an agency

MCQ 3: The absence of CSR impact tracking metrics directly weakens Bio Pharma Co.'s performance on which BRSR principle?

- A. Principle 6: Environment
- B. **Principle 8: Community Development**
- C. Principle 3: Employee Well-being
- D. Principle 1: Ethical Governance

MCQ 4: To enhance CSR reporting quality, Bio Pharma Co. should prioritize which of the following?

- A. Increasing donation amounts
- B. Publishing annual calendars of activities
- C. **Collecting qualitative and quantitative data from beneficiaries**
- D. Sponsoring promotional events



MCQ 5: A failure to distinguish between employee types could primarily distort:

- A. Waste management KPIs
- B. **Gender pay gap and workforce diversity data**
- C. Carbon intensity metrics
- D. Vendor-related ESG indicators

Case Study 3

Finance Now Co. is a leading financial services provider, specializing in consumer loans, insurance products, and investment advisory services. The company has a robust ESG framework but has been facing significant issues in aligning its ESG data reporting with the XBRL requirements. Despite having a dedicated ESG team, Finance Now Co. is grappling with inconsistencies in the reported data, particularly with intensity-based output metrics, which are central to the company's sustainability reporting. These discrepancies have raised concerns about the accuracy of its environmental impact statements, especially as the company is expanding its portfolio into renewable energy investments.

One of the key issues arises from a lack of standardization in the reporting process across the different units of the company. Each unit – ranging from insurance and consumer finance to investments – has developed its own method for measuring ESG metrics, especially intensity-based metrics like energy use per unit of financial services output. Without a standardized approach, comparisons across departments become unreliable.

The company also reports mismatched figures in areas such as carbon emissions and resource consumption, which create complications when trying to comply with XBRL's strict data formatting and validation rules. These inconsistencies have made it difficult for Finance Now Co. to present a unified ESG performance report to stakeholders, jeopardizing its credibility in the market.

Additionally, Finance Now Co. faces challenges in benchmarking its ESG performance against industry standards, particularly in terms of emissions intensity. The company lacks a consistent methodology for establishing sector-specific benchmarks, which further exacerbates the issue of inaccurate data reporting.

The XBRL inconsistencies are also compounded by errors in formatting and data mismatches, making the company vulnerable to regulatory scrutiny, especially as it strives to maintain a high level of transparency in its ESG disclosures. If unresolved, these issues could result in delayed filings and a potential loss of stakeholder trust, further impacting the company's long-term ESG strategy.

MCQ 1: What is the primary issue with Finance Now Co.'s intensity-based reporting? Finance Now Co. has struggled to standardize intensity-based output metrics such as energy



consumption per service unit across its diverse business operations. This lack of uniformity in how ESG data is captured and reported across the company's different units has led to inconsistencies in their environmental disclosures, impacting the overall credibility of the data. The company has yet to implement a centralized reporting framework, which is crucial for accurate and comparable ESG data.

- A. Incomplete employee classification
- B. Lack of sector-specific benchmarks
- C. **No standardization across units**
- D. Overuse of AI in data collection

MCQ 2: Which solution best addresses XBRL validation errors? Finance Now Co. has encountered several issues with XBRL validation errors due to inconsistencies in data formatting and mismatched figures. To resolve this, a robust, rule-based automation system would streamline the data reporting process and ensure that ESG disclosures meet the XBRL standards. Such automation would improve accuracy, minimize human error, and significantly reduce the time spent on manual corrections.

- A. Skip validation phase
- B. Manual corrections without rules
- C. **Use rule-based automation for ESG data**
- D. Outsource to an untrained vendor

MCQ 3: What is the role of BRSR in ensuring XBRL compliance? The Business Responsibility and Sustainability Reporting (BRSR) framework plays a critical role in ensuring that ESG data is formatted according to the specific requirements of the XBRL system. By defining a standardized data structure, BRSR ensures that companies, like Finance Now Co., can meet regulatory requirements and maintain transparency in their ESG disclosures. This structured approach reduces errors during the XBRL conversion process and ensures better comparability of ESG data across different sectors.

- A. Provides digital cybersecurity
- B. **Defines data formatting structure**
- C. Offers mandatory emissions audits
- D. Replaces all other ESG frameworks

MCQ 4: Which internal measure can improve ESG data integrity at Finance Now Co.? To address the discrepancies in ESG reporting, Finance Now Co. needs a cross-functional approach to data management. Creating a dedicated ESG data committee, consisting of



representatives from various departments such as IT, operations, finance, and compliance, would ensure that all relevant data points are captured accurately and consistently. This committee would be responsible for overseeing data collection processes, resolving inconsistencies, and ensuring that ESG disclosures meet both internal standards and regulatory requirements.

- A. Marketing-led disclosure
- B. Third-party social media monitoring
- C. **Cross-functional ESG data committee**
- D. Legal team audit alone

MCQ 5: Incorrect ESG data reported in BRSR primarily affects:

The incorrect ESG data in Finance Now Co.'s BRSR filings could significantly undermine the company's credibility with its stakeholders. Since investors, regulators, and consumers rely heavily on accurate ESG disclosures, any inaccuracies in reporting can lead to a loss of trust, regulatory fines, and reputational damage. Poor ESG data quality may also affect the company's long-term sustainability efforts, as the true environmental and social impacts of its business operations are not adequately captured.

- A. Tax liabilities
- B. **Stakeholder trust and ESG credibility**
- C. IT architecture
- D. Employee satisfaction surveys

Case Study 4

Agrifirst Wave Co. is a prominent agro-chemical and agri-tech manufacturer specializing in crop protection chemicals, fertilizers, and digital farming solutions. With operations spanning five major states in India, the company plays a crucial role in supporting rural agriculture and food security. However, despite its operational scale and impact, Agrifirst Wave Co. has significant gaps in its environmental data management practices. One of the most critical issues is the complete absence of systematic tracking and documentation for various forms of waste, particularly electronic waste (e-waste) generated from its laboratories, R&D centers, and automated production systems.

The company does not maintain detailed records of how e-waste is handled or disposed of, and it has no partnerships with certified e-waste handlers. This lack of accountability raises serious concerns around environmental compliance, especially under evolving regulations from the Ministry of Environment, Forest and Climate Change (MoEFCC) and ESG standards like BRSR. Furthermore, the absence of environmental sensors and IoT-enabled tracking systems



has led to poor-quality data inputs across key ESG environmental metrics, such as hazardous waste volumes, recycling rates, and emissions linked to disposal activities. These data gaps not only hinder regulatory reporting but also affect internal decision-making related to sustainability investments and process improvements.

Agrifirst Wave Co.'s oversight is not limited to e-waste alone. There is also limited documentation of solid and chemical waste generated during the manufacturing of pesticides and fertilizers, increasing the risk of environmental hazards and accidental leaks. The company still relies on outdated, manual documentation procedures, which are prone to errors and inconsistencies.

Without verified third-party partnerships for waste disposal and digital systems for monitoring, Agrifirst Wave Co. remains at an early stage of ESG environmental data maturity. Stakeholders, including investors and regulators, have begun questioning the integrity of its environmental disclosures, which could lead to reputational and financial consequences if not addressed swiftly.

MCQ 1: Agrifirst Wave Co. has not established processes to record or verify the disposal of e-waste, which includes computers, lab equipment, and control systems used in automated production. What is the main risk posed by undocumented e-waste at Agrifirst Wave Co.?

- A. Lower product innovation
- B. Loss of customer data
- C. **Environmental compliance failure**
- D. Decline in production speed

MCQ 2: How can Agrifirst Wave Co. best resolve the waste issue?

- A. Shift to digital-only products
- B. Store all waste longer onsite
- C. **Partner with certified waste handlers**
- D. Increase paper documentation

MCQ 3: The lack of sensors and documentation impacts which ESG data principle most?

- A. Human rights
- B. Emissions trading
- C. **Accurate environmental metrics**
- D. Financial auditing



MCQ 4: Which technology should Agrifirst Wave Co. prioritize?

- A. Biometric access controls
- B. **AI-based environmental tracking**
- C. Manual waste logs
- D. Offline dashboards

MCQ 5: What long-term impact could poor waste documentation have on Agrifirst Wave Co.'s ESG investment potential?

- A. It will improve short-term tax efficiency
- B. It will increase automation in production
- C. **It may reduce access to sustainable capital and ESG-aligned investors**
- D. It will boost employee productivity metrics

Case Study 5:

Urban Co. does not have a grievance redressal platform, lacks board-approved ESG policies, and its vendors are not aligned with ESG practices.

MCQ 1: What governance gap is most damaging to stakeholder trust?

- A. Delayed payroll
- B. **No grievance redressal**
- C. High training costs
- D. Poor internal branding

MCQ 2: ESG alignment across vendors relates to:

- A. Brand positioning
- B. **Value chain oversight**
- C. Customer churn
- D. Data center emissions

MCQ 3: What is the appropriate internal corrective measure?

- A. **Mandate ESG training for vendor teams**
- B. Delay all vendor assessments
- C. Outsource all ESG governance
- D. Eliminate vendor scoring entirely



MCQ 4: Lack of board approval of policies signals:

- A. CSR violations
- B. **Weak governance controls**
- C. Emissions inaccuracies
- D. Profit margin issues

MCQ 5: Urban Co. should create:

- A. **ESG grievance redressal portals**
- B. Hiring freeze
- C. Single supply chain vendor
- D. Whistleblower dismissal policy

MODULE 5

GOVERNANCE ISSUES AND RISK MANAGEMENT IN SUSTAINABILITY REPORTING

Module 5 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.

5.1 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. Regulators are pushing for transparency in Sustainability practices via disclosures such as environmental impacts, GHG emissions, community development, promoting diversity etc. It's not just about doing the right thing anymore; it's a legal requirement. In fact, there has been an increasing push for 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



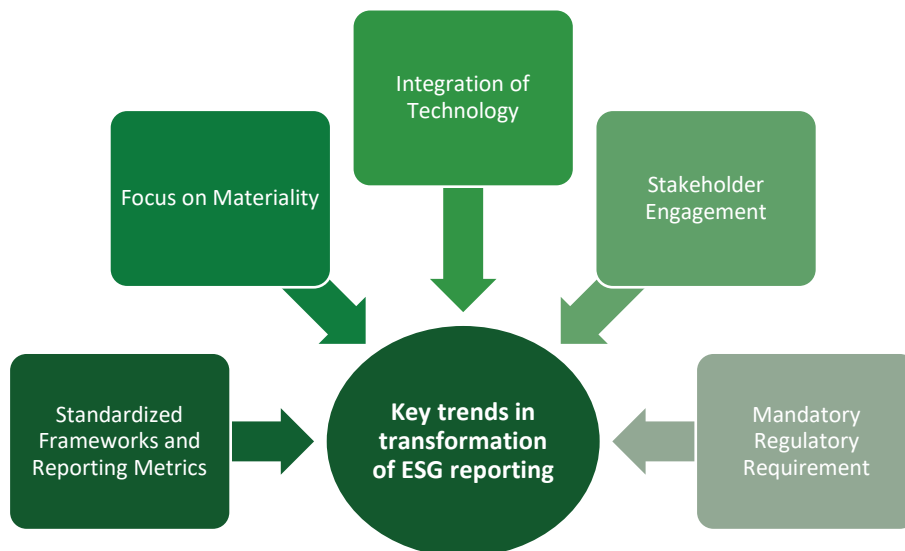
reducing carbon footprints, opting for using renewable energy, and being more efficient with resources. Social responsibility is also key, with initiatives like diversity and fair labor practices improving relationships with stakeholders and enhancing brand reputation.

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.

5.2 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.

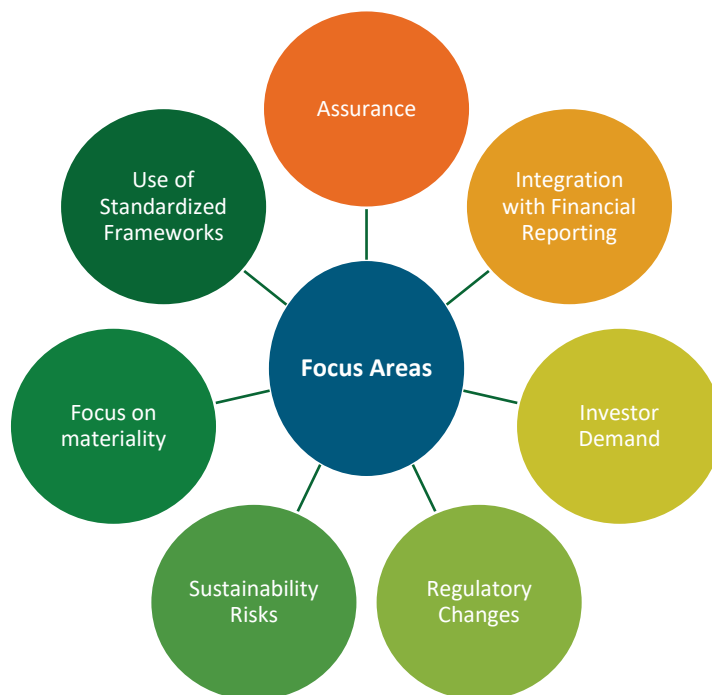
Fourthly, stakeholder engagement is becoming more interactive, with companies actively seeking input from investors, customers, and communities to inform their reporting practices. Stakeholder mapping is considered a very critical area of ESG reporting.

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.



5.3 FOCUS AREAS IN THE TRANSFORMATION OF ESG REPORTING EXPECTATIONS



The transformation of ESG reporting expectations:

- a. **Focus 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.

5.4 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.

Holistic approach to ESG transformation

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	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	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.	CCO CFO

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.

5.5 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
<ul style="list-style-type: none"> • Multifaceted Challenges • Innovation and Inclusivity • Stakeholder Engagement • Future- Proofing 	<ul style="list-style-type: none"> • Ethical Decision Making • Credible Reporting • Accountability and Transparency • Long Term Interests 	<ul style="list-style-type: none"> • Understanding Impact • Mitigating Risk • Transparency and Accountability • Ethical Culture

(a) **Diversity and Expertise:**

- **Multifaceted Challenges:** A well-rounded Board requires expertise in **environmental and social matters, and governance** to tackle the complex and interconnectedness of ESG issues. The Board should also review the ESG performance against the targets at a set frequency.
- **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.

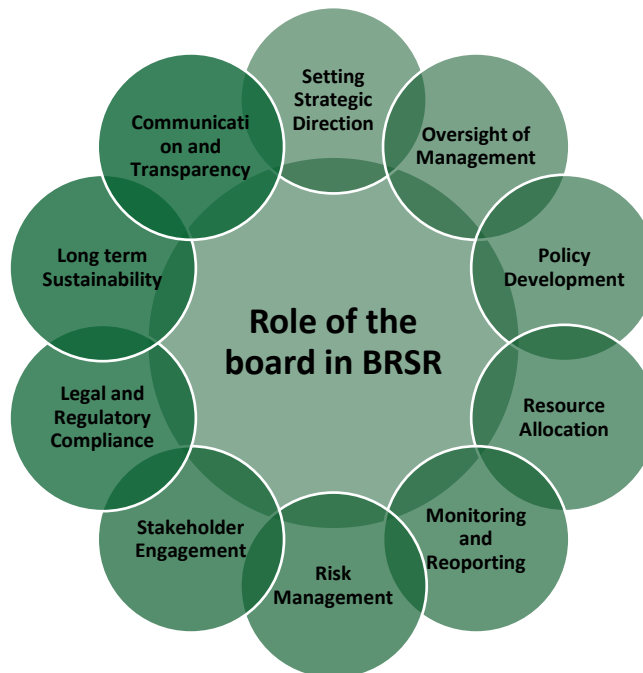


- **Long-term Interests:** Ultimately, an independent board promotes the **long-term interests of all stakeholders**, including shareholders, employees, communities, and the environment.
- (c) **Stakeholder Representation:**
- **Understanding Impact:** Including stakeholders (employees, customers, communities, 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.

5.6 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 an ESG 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.

5.7 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:

- 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.
- 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**.
- 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.

5.8 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.

5.9 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.

5.10 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.



5.11 ESG GOVERNANCE AND WAY FORWARD

5.11.1 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.

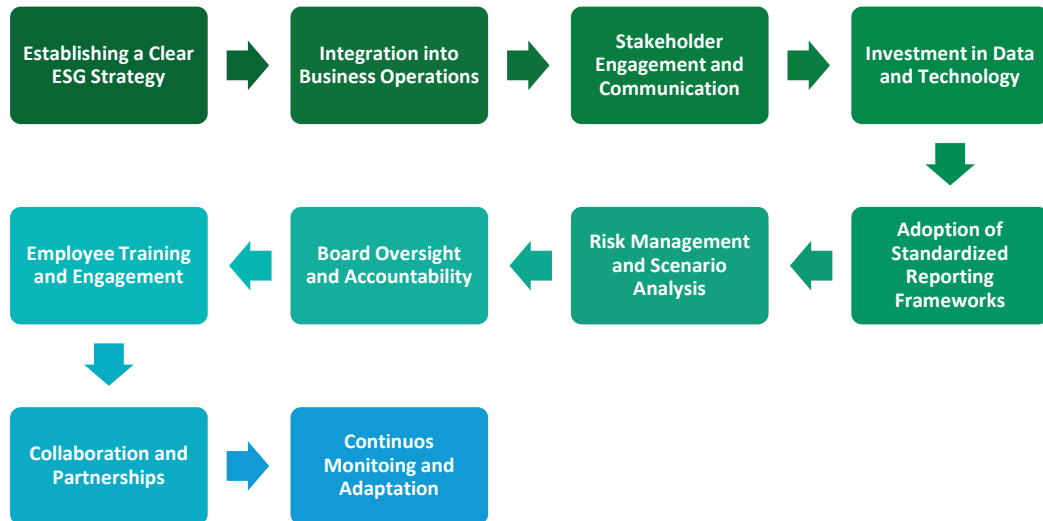
Challenges in ESG Governance and Reporting:

- (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.

5.11.2 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.

5.12 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.

5.13 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.

5.13.1 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.

5.13.2 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.



5.14 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.

5.14.1 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.

5.14.2 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.

5.14.3 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.

5.15 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 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.

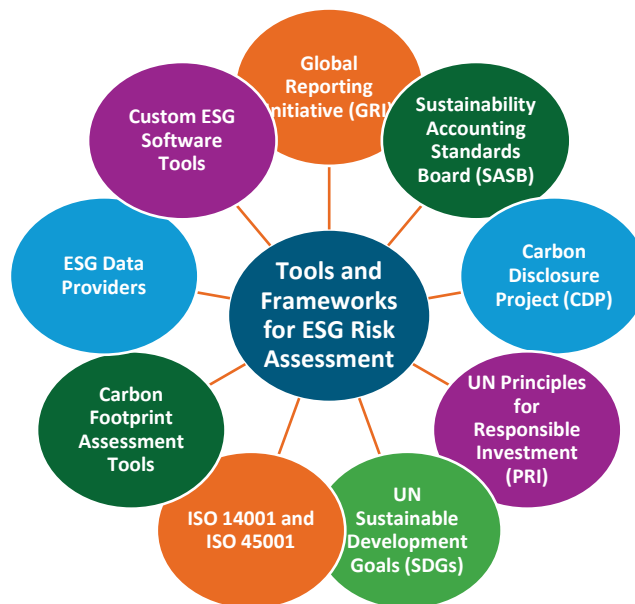


- (c) **Adopting Clear ESG Policies and Frameworks:** Establishing **clear policies and frameworks** for identifying, measuring, and managing ESG risks ensures **consistency and accountability** throughout the organization.
- (d) **Engaging with Stakeholders:** Regularly **engaging with stakeholders** 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.

5.16 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) **International Sustainability Standards Board (ISSB):** The ISSB aims to consolidate and build upon existing market-led initiatives, including the Sustainability Accounting Standards Board (SASB) and the Task Force on Climate-related Financial Disclosures (TCFD), to create a more comprehensive and integrated sustainability reporting framework. The ISSB standards focus on identifying and disclosing sustainability-related risks and opportunities that could reasonably be expected to influence investor decisions about an entity's financial prospects.
- (c) **Carbon Disclosure Project (CDP):** A global rating platform collecting comprehensive data on environmental performance, including greenhouse gas emissions and water usage.
- (d) **UN Principles for Responsible Investment (PRI):** A set of voluntary principles for integrating ESG considerations into investment decision-making.
- (e) **UN Sustainable Development Goals (SDGs):** A set of 17 global goals aiming to eradicate poverty, protect the planet, and ensure prosperity.
- (f) **ISO 14001 and ISO 45001:** International standards for environmental management and occupational health and safety, respectively.
- (g) **Carbon Footprint Assessment Tools:** These tools help organizations calculate and analyze their greenhouse gas emissions.
- (h) **ESG Data Providers:** These companies provide data on ESG performance metrics, allowing for benchmarking and comparative analysis.
- (i) **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.

5.17 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



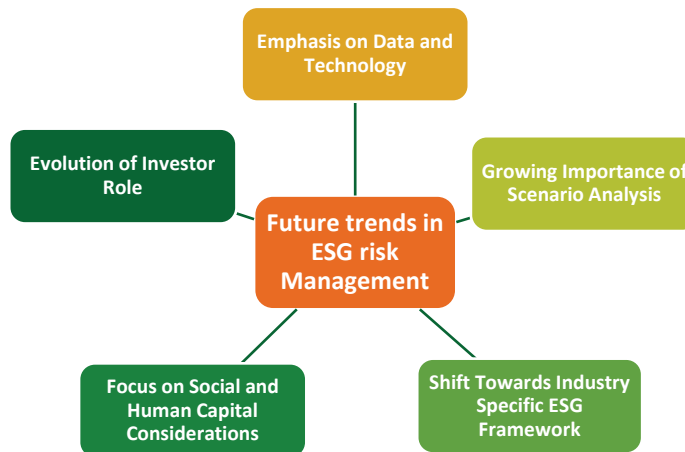
involves ensuring that ESG considerations are seamlessly integrated into decision-making processes, reflecting a commitment to long-term resilience and responsible business practices.

- (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.

5.18 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 enhance 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.

MULTIPLE CHOICE QUESTIONS

- Q.1 Which one of the below is one of the crucial tool for identifying potential environmental risks?**
- a) Digital Marketing Strategies
 - b) Value Chain Analysis (VCA)**
 - c) Cost Reduction Techniques
 - d) Corporate Training Programs
- Q.2 Which committee ensures effective oversight and guidance on BRSR issues?**
- a) Audit Committee
 - b) Human Resources and Remuneration Committee
 - c) Nomination and Governance Committee**
 - d) Ethics Committee



- Q.3 Within the context of BRSR and ESG, what role does stakeholder engagement play in risk management?**
- a) It focuses primarily on internal financial audits
 - b) It is redundant due to existing risk management structures
 - c) It provides diverse perspectives and reveals blind spots in traditional risk assessments**
 - d) It concentrates on narrowing the focus to a single stakeholder group
- Q.4 How can a company mitigate governance risks associated with ESG?**
- a) Avoid engaging with stakeholders to minimize negative feedback
 - b) Strengthen board oversight and establish clear ESG oversight responsibilities**
 - c) Prioritize short-term financial gains over ESG initiatives
 - d) Rely on informal reporting standards to maintain flexibility
- Q.5 Which tool is mentioned as a widely-used framework for sustainability reporting?**
- a) Risk Analysis Framework
 - b) Financial Reporting Standards
 - c) Global Reporting Initiative (GRI)**
 - d) Stakeholder Feedback Model
- Q.6 What is a primary consequence of ineffective board oversight in ESG governance?**
- a) Improved stakeholder engagement
 - b) Comprehensive analysis of ESG risks
 - c) Blind spots in risk identification due to lack of diverse expertise**
 - d) Increased transparency and accurate reporting
- Q.7 How does scenario planning assist in identifying environmental risks within ESG frameworks?**
- a) By predicting only the most likely future outcomes
 - b) By emphasizing short-term profit margins
 - c) By exploring a range of possible futures, from best-case to worst-case scenarios**
 - d) By implementing immediate corrective actions without foresight



Q.8 What is identified as a significant challenge in ESG reporting?

- a) Lack of financial resources
- b) Insufficient employee training programs
- c) Standardization of ESG metrics and reporting frameworks**
- d) High competition in the industry

Q.9 Which tool focuses on the environmental footprint of a product throughout its lifecycle?

- a) Environmental Impact Assessment (EIA)
- b) Life Cycle Assessment (LCA)**
- c) Environmental Risk Modelling
- d) Cost-Benefit Analysis

Q.10 Which committee is responsible for ensuring the accuracy and reliability of sustainability data?

- a) Sustainability Committee
- b) Human Resources Committee
- c) Audit Committee**
- d) Nomination and Governance Committee

True or False Questions

Q.11 Environmental Risk Modelling is used to predict the potential impacts of environmental risks like climate change.

Ans. True

Q.12 The Sustainability Committee collaborates with stakeholders to identify material ESG issues.

Ans. True

Q.13 ISO 45001 is an international standard for environmental management.

Ans. False (ISO 45001 is for occupational health and safety)

Q.14 The Human Resources and Remuneration Committee aligns employee practices with sustainability goals.

Ans. True



Q.15 The Task Force on Climate-related Financial Disclosures (TCFD) provides recommendations for companies to disclose climate-related financial risks.

Ans. True

Q.16 The ISSB was established to develop comprehensive global sustainability disclosure standards, integrating both the Task Force on Climate-related Financial Disclosures (TCFD) and Sustainability Accounting Standards Board (SASB) standards

Ans. True

EXAMPLES

Example 1- Risk and Opportunities - Hindustan Unilever Limited

Source (BRSR FY 2023-24)

S. No. identified	Material issue	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)
3.	Water	Risk	The 2030 Water Resources Group has estimated that India will have only half the water it needs by 2030 for farming, household and industrial use. Rising water scarcity could interrupt our production schedules, affecting our operations and at the same time impact the demand for products that require excessive water during consumer use or decreasing sales because of reduced product efficacy due to water shortages. Uncertainty in the timing and severity of summer, winter, and monsoon may also impact the business adversely.	We have taken steps to reduce and conserve water across our manufacturing operations. We have delivered a 47% reduction in water usage (cubic metre per tonne of production) in our own manufacturing operations in FY 2023-24 as compared to the 2008 baseline. We could achieve this by focusing on reducing freshwater abstraction, implementing captive rainwater harvesting, and maximising the use of RO plants. Considering the urgency and importance of water conservation in the communities, we set up the Hindustan Unilever Foundation (HUF) in 2010, a wholly-owned subsidiary, to create capacity to conserve water. HUF focuses on water conservation, building local community institutions to govern water resources and enhancing farm-based livelihoods by adopting judicious water practices. So far, HUF along with its partners, has created a cumulative and collective water potential of over 3.2 trillion litres* since its inception over the last decade. To underscore the importance of the water potential created by HUF, 3.2 trillion litres of water is more than the quantity required to meet the drinking water needs of India's population for nearly two years.	Water scarcity can have an adverse impact on our operations, agricultural sourcing and can potentially reduce demand for our products that require water during use. Measures to reduce and conserve water would optimise resource requirement, not just in our operations, but also in the wider communities. This would secure water needs and create enabling environment for future demand of our products.

Example 2- Stakeholder Engagement - Cipla

Source (IR FY 2023-24)



Suppliers

Stakeholder Interests	Whether identified as vulnerable and marginalised group (Yes/No)	Relevance	How we engage and frequency	Purpose and scope of engagement including key topics and concerns raised during such engagement	Capital linkage
<ul style="list-style-type: none"> Advocate for fair and transparent procurement practices and prompt payments Seek to cultivate enduring relationships founded on trust, collaboration and mutual benefit 	No	Providers of all input materials and services that are critical or essential to our operations	<ul style="list-style-type: none"> Annual: Conducting ESG workshops to engage suppliers on environmental, social and governance issues Continuous: <ul style="list-style-type: none"> Rigorous assessments across various dimensions like quality systems, production facilities and laboratory practices Regular AMR workshops conducted to address antimicrobial resistance concerns Grievance redressal mechanisms Periodic: Training sessions focused on material quality, compliance and other relevant topics 	<ul style="list-style-type: none"> Ensuring quality through strict adherence to standards and regulatory requirements Addressing gaps in supplier facilities related to cGMP practices to mitigate operational risks Promoting ethical sourcing practices, minimising environmental impact and reducing carbon footprint Providing clear guidance and directives to vendors Maintaining supply consistency to minimise disruptions and foster long-term partnerships for sustainable business continuity Seek supplier confirmation on compliance with our Suppliers' Code of Conduct 	<ul style="list-style-type: none"> ● ●



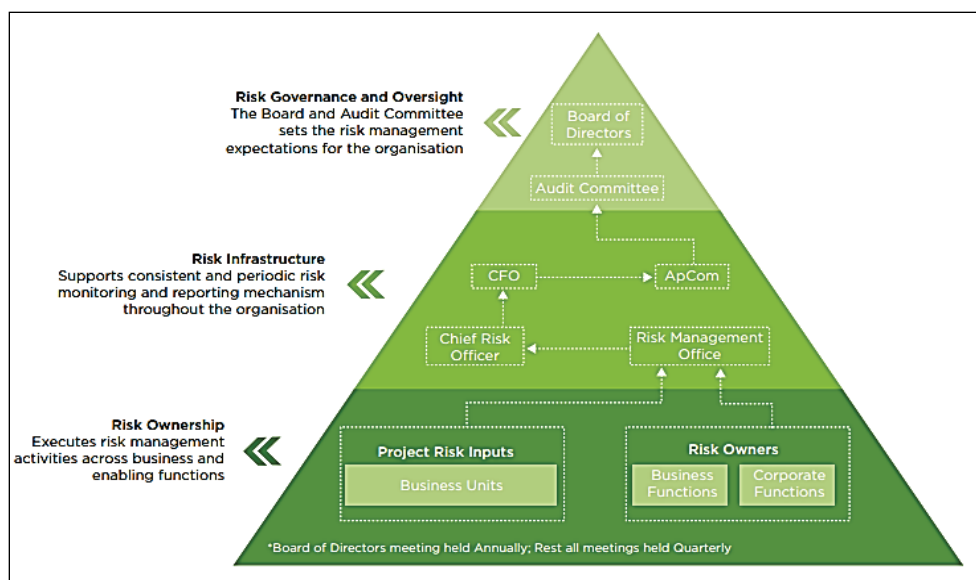
Healthcare Professionals

Stakeholder Interests	Whether identified as vulnerable and marginalised group (Yes/No)	Relevance	How we engage and frequency	Purpose and scope of engagement including key topics and concerns raised during such engagement	Capital linkage
<ul style="list-style-type: none"> Gain access to valuable educational resources Access to practical insights and networking opportunities Provides a convenient platform for accessing reliable medical information and contributing insights on unmet medical needs and future product portfolio Report product side effects, quality concerns and availability issues effectively 	No	Provides vital insights on our product use as well as the trends in management of various disease conditions and the unmet patient needs	<ul style="list-style-type: none"> Event based: <ul style="list-style-type: none"> National and regional conferences and seminars Knowledge sharing series Advisory meetings Visits by sales personnel Disease celebration days/ months Continuous: <ul style="list-style-type: none"> Digital connect platforms Grievance redressal mechanisms 	<ul style="list-style-type: none"> Sharing ideas and expertise on medicines, diseases and healthcare solutions To understand the need of the patients and the market To identify the changing needs & trends within the healthcare sector To educate and create awareness among patients regarding various diseases thereby facilitating early diagnosis 	<ul style="list-style-type: none"> ●



Example 3- ESG Governance Structure and Risk Governance Structure – Renew Private Ltd

(Source: IR FY 2023-24)





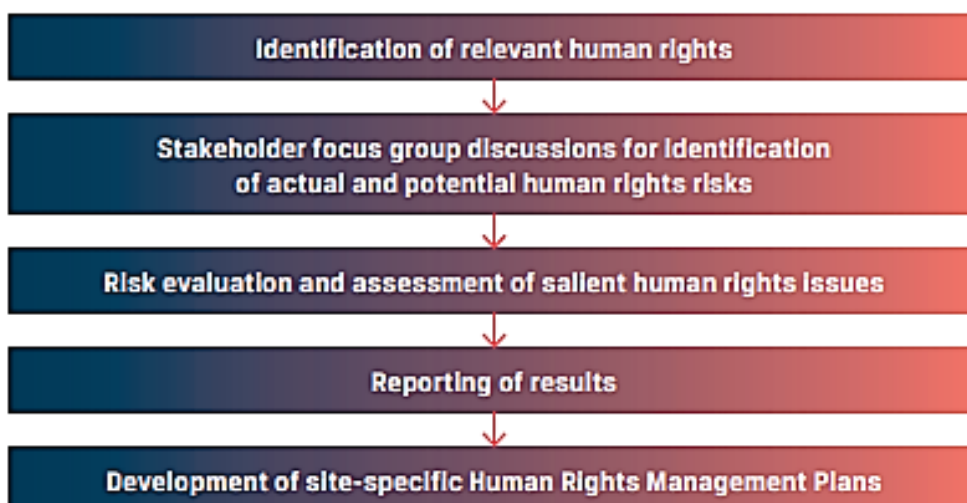
Example 4- Human Rights Due Diligence – JSW Steel

(Source: IR FY 2023-24)

Human rights due diligence

In the reporting year, we conducted a comprehensive Human Rights Impact Assessment (HRIA) at our Integrated Steel Plant in Vijayanagar and across our mines in Karnataka and Odisha. Further, we developed a Human Rights Due Diligence (HRDD) process, which is in the process of being horizontally deployed across our operations.

Human rights impact assessment process:



Example 5-Materiality Analysis - Novo Nordisk

(IR FY 2023-24)



		UPSTREAM OWN OPERATIONS DOWNSTREAM						
		Resources	R&D	Manufacturing	Distribution	Patients	Time horizon	Page
11 Climate change	–	CO ₂ emissions across our operations and value chain contribute to climate change					Short-term	54
	↓	Potential reputational risks associated with rising CO ₂ emissions					Medium-term	54
	–	Potential weather-related hazards impacting safety at our sites and in our value chain					Long-term	54
15 Resource use and circular economy	–	Resource use and waste associated with manufacturing and products					Short-term	60
	↓	Potential reputational risks associated with resource consumption					Medium-term	60
22 Pollution	–	Chemicals affecting human health or ecosystems					Short-term	64
23 Water	–	Availability and deterioration of water resources					Short-term	65
24 Biodiversity and ecosystems	–	Reliance on natural resources and ecosystem services					Short-term	67
	–	Reliance on vulnerable species in research					Medium-term	67
24 Patient protection and quality of life	+	Improving quality of life through medicines					Short-term	71
	✓	Potential new discoveries to serve patient needs					Short-term	71
	+	Reducing and preventing serious chronic diseases					Short-term	71
	+	Health equity for vulnerable patients					Short-term	71
	+	Safe clinical trials					Short-term	71
	–	Product quality and safety					Short-term	71
	–	Protection against falsified medicines					Short-term	71
	–	Protecting patient information					Short-term	71
31 Own workforce	↓	Potential reputational and regulatory risks					Short-term	71
	+	Employee benefits and flexible working conditions					Short-term	80
	–	Potential human rights incidents					Short-term	80
	–	Healthy and safe work environment					Short-term	80
	+	Equal opportunities fostering innovation					Short-term	80
	↓	Attracting talent to enable continued innovation					Short-term	80
32 Workers in the value chain	–	Protecting working conditions and human rights					Short-term	88
61 Business conduct	+	Ethical working culture through Novo Nordisk Way					Short-term	90
	–	Interacting with all stakeholders in accordance with our business ethics standards					Short-term	90
	+	Promoting public health					Short-term	90
	+	Upholding high bioethical standards					Short-term	90
Bioethics ⁴	–	Reliance on animals in research					Short-term	90

CASE STUDIES

Case Study 1: Comprehensive ESG Data Reporting Transformation at TechInnovate Inc.

TechInnovate Inc., a prominent player in the software development industry, recognized the increasing importance of robust Environmental, Social, and Governance (ESG) data reporting. With stakeholders demanding greater transparency and regulatory bodies tightening requirements, TechInnovate embarked on a mission to overhaul its ESG data reporting processes.

The company faced several hurdles in its ESG reporting journey:

- Different departments used varied methods for data collection, leading to inconsistencies and inaccuracies in reporting of an indicator.
- The absence of a unified reporting framework made it difficult to ensure comparability and reliability of ESG data.
- There was minimal interaction with stakeholders to understand their ESG information needs, leading to potential misalignment in reporting priorities.



- Ensuring the accuracy and reliability of ESG data was a significant challenge, impacting stakeholder trust.

TechInnovate implemented a centralized data management system to streamline ESG data collection across all departments. This system facilitated real-time data entry and monitoring, reducing discrepancies and enhancing data accuracy. The company adopted the Global Reporting Initiative (GRI) framework, ensuring that its ESG reports were consistent, comparable, and aligned with global best practices. This move also helped TechInnovate meet regulatory requirements more efficiently. TechInnovate conducted workshops and feedback sessions with key stakeholders, including investors, employees, and community representatives. This engagement helped the company identify and prioritize the ESG issues most relevant to its stakeholders. An internal audit team was established to verify the accuracy and completeness of ESG data before publication. Additionally, TechInnovate partnered with third-party assurance providers to enhance the credibility of its ESG reports.

TechInnovate's revamped ESG data reporting processes resulted in greater transparency, meeting stakeholder expectations and regulatory requirements. By prioritizing data accuracy and stakeholder engagement, TechInnovate strengthened its reputation as a responsible and transparent organization. The company's commitment to adopting standardized frameworks and innovative technologies positioned it as a leader in ESG practices within the industry. TechInnovate's proactive approach ensured compliance with evolving ESG regulations, reducing the risk of penalties and enhancing its competitive advantage.

Multiple Choice Questions:

1. What was the primary objective of TechInnovate Inc.'s ESG data reporting transformation?
 - A) Increase market share
 - B) Reduce operational costs
 - C) Expand product offerings
 - D) Enhance transparency and stakeholder trust**
2. Which of the following challenges did TechInnovate face in its ESG reporting journey?
 - A) Difficulty in hiring qualified personnel for ESG reporting
 - B) The use of varied data collection methods by different departments**
 - C) Lack of sufficient technology to support ESG data collection
 - D) Excessive training sessions on ESG data reporting



3. Which framework did TechInnovate adopt to ensure consistency in its ESG reporting?
 - A) ISO 9001
 - B) Global Reporting Initiative (GRI)**
 - C) Six Sigma
 - D) Balanced Scorecard
4. How did TechInnovate verify the accuracy of its ESG data?
 - A) By outsourcing data collection
 - B) By establishing an internal audit team and partnering with third-party assurance providers**
 - C) By reducing data collection frequency
 - D) By focusing solely on financial data
5. How did TechInnovate engage stakeholders in the ESG reporting process?
 - A) By conducting workshops and feedback sessions to align reporting priorities**
 - B) By ignoring stakeholder feedback
 - C) By focusing only on internal stakeholders
 - D) By reducing communication with stakeholders

Case Study 2: Comprehensive ESG Governance Transformation at InnovateCorp

InnovateCorp, a global leader in consumer electronics, recognized the increasing importance of Environmental, Social, and Governance (ESG) principles in ensuring sustainable and ethical business practices. With mounting pressure from investors, consumers, and regulatory bodies, InnovateCorp embarked on a mission to strengthen its ESG governance framework to enhance long-term resilience and corporate responsibility.

InnovateCorp faced several challenges in its ESG governance journey: The existing board lacked diversity and expertise in sustainability, which limited effective oversight and strategic guidance on ESG matters. ESG considerations were not fully embedded into the company's strategic decision-making processes, leading to missed opportunities and potential risks. There was a need for more structured and meaningful engagement with stakeholders to understand their ESG concerns and expectations. The company struggled with inconsistent ESG monitoring and reporting practices, affecting transparency, accountability, and stakeholder trust.



InnovateCorp restructured its board to include members with diverse backgrounds and expertise in sustainability, corporate governance, and ethics. This change ensured that ESG considerations were prioritized at the highest level of decision-making, fostering a culture of accountability and responsibility. The company integrated ESG principles into its core business strategy, aligning sustainability goals with operational objectives. This approach facilitated a holistic view of ESG risks and opportunities, enabling InnovateCorp to proactively address challenges and capitalize on emerging trends. InnovateCorp established regular forums, workshops, and feedback mechanisms to engage with stakeholders, including investors, employees, customers, and community leaders. This engagement helped the company align its ESG initiatives with stakeholder expectations and build stronger relationships. The company implemented a comprehensive ESG monitoring system to track performance against key metrics and benchmarks. Regular reports were published to ensure transparency and accountability, fostering trust among stakeholders and demonstrating InnovateCorp's commitment to responsible business practices. InnovateCorp invested in training and development programs to enhance the ESG knowledge and skills of its employees and leadership team. This initiative ensured that all levels of the organization were equipped to support and drive ESG initiatives effectively.

The restructured board provided effective oversight of ESG initiatives, ensuring alignment with corporate values and stakeholder expectations. This change enhanced the company's ability to navigate complex ESG challenges and opportunities. By embedding ESG into its business strategy, InnovateCorp improved its ability to identify and mitigate risks, while capitalizing on sustainability opportunities. This integration positioned the company as a leader in responsible business practices. The company's commitment to transparency, engagement, and accountability strengthened stakeholder trust and loyalty, enhancing its reputation and competitive advantage. InnovateCorp's proactive approach ensured compliance with evolving ESG regulations, reducing the risk of penalties and positioning the company as a responsible corporate citizen.

Multiple Choice Questions:

1. What was the primary goal of InnovateCorp's ESG governance transformation?
 - A) Increase market share
 - B) Strengthen stakeholder trust and ensure long-term resilience**
 - C) Reduce operational costs
 - D) Expand product offerings
2. How did InnovateCorp improve its board composition for better ESG oversight?
 - A) By reducing the number of board members



- B) By focusing solely on financial experts
 - C) By including members with diverse backgrounds and sustainability expertise**
 - D) By outsourcing board responsibilities
3. What strategy did InnovateCorp use to integrate ESG into its business operations?
- A) Ignoring ESG considerations
 - B) Embedding ESG principles into its core business strategy**
 - C) Focusing only on short-term financial goals
 - D) Reducing ESG-related investments
4. How did InnovateCorp engage stakeholders in its ESG initiatives?
- A) By ignoring stakeholder feedback
 - B) By focusing only on internal stakeholders
 - C) By reducing communication with stakeholders
 - D) By establishing regular forums and feedback mechanisms**
5. What was the outcome of InnovateCorp's efforts to enhance ESG governance?
- A) Improved ESG oversight and increased stakeholder trust**
 - B) Decreased stakeholder trust
 - C) Increased regulatory issues
 - D) Reduced innovation opportunities
6. How did InnovateCorp ensure transparency and accountability in its ESG reporting?
- A) By outsourcing reporting responsibilities
 - B) By reducing reporting frequency
 - C) By implementing a comprehensive ESG monitoring system and publishing regular reports**
 - D) By focusing solely on financial data

MODULE 6

SUSTAINABILITY REPORTING MATURITY MODEL (SRMM)

This module shifts the focus from frameworks to forward motion. It introduces the Sustainability Reporting Maturity Model (SRMM), a self-assessment tool designed to help organizations evaluate how far they've come—and how far they still need to go—on their sustainability reporting journey.

More than a checklist, SRMM provides a structured lens to reflect on the depth, quality, and strategic alignment of an entity's BRSR disclosures. Built on evolving regulatory developments, including SEBI's latest circulars and industry standards, SRMM empowers companies to benchmark their progress, identify gaps, and push towards leadership in sustainability.

Key Elements:

- **Understanding SRMM:** Get to know how SRMM works as a diagnostic and developmental tool for BRSR reporting, offering a clear, quantifiable view of your organization's reporting maturity.
- **Levels of Reporting Maturity:** Explore the four-tiered structure of the model—from formative to leading—each stage signaling increasing integration, quality, and ambition in sustainability reporting.
- **Scoring and Flexibility:** Learn how the 300-point scale allows tailored assessment, with scoring mechanisms that adapt to your sector-specific realities while promoting consistency and transparency.
- **Leadership Focus:** See how SRMM gives weight to leadership indicators, encouraging businesses to go beyond compliance and embed sustainability into their strategy and operations.
- **Strategic Application:** Discover how to use SRMM for gap analysis, internal controls, stakeholder confidence, and long-term sustainability goal setting.
- **Case Studies:** Examine how real companies have applied SRMM to evaluate their performance, identify improvement areas, and evolve their sustainability narrative.

What this module really does is turn reporting into a tool for transformation—helping companies not just report what they do but reimagine how they operate.



6.1 SUSTAINABILITY REPORTING MATURITY MODEL (SRMM)

Committee on Business Responsibility Reporting constituted by the Ministry of Corporate Affairs (“MCA”) released its “Report of the Committee on Business Responsibility Reporting” in August 2020 (“MCA Committee Report”) and recommended new comprehensive framework for Business Responsibility and Sustainability Report (“BRSR”). The format for BRSR were released by SEBI vide May 2021 Circular. Further, in May 2022, SEBI constituted the ESG Advisory Committee (“EAC” / “Committee”) to make recommendations to streamline the regulatory framework for ESG Disclosures. The Committee submitted its report in February 2023, followed up by a SEBI public consultation. In July 2023, SEBI issued circular introducing disclosures for value chain, BRSR Core and updated BRSR format. Consequently, an Expert Committee for Facilitating Ease of Doing Business (“Expert Committee”) was constituted and pursuant to public consultation, SEBI, in December 2024, decided to revise various provisions regarding ESG disclosures for value chain, provide an option to undertake ‘assessment’ or ‘assurance’ for BRSR Core and ESG disclosures for value chain, and introduce disclosure on green credits. Alongside, SEBI had also released “*Industry Standards on Reporting of BRSR Core*”. The listed entities are mandated to follow these industry standards to ensure compliance with SEBI requirements on disclosure of BRSR Core w.r.f FY 2024-25. Thereafter, a circular dated 28th March 2025 (“Revised BRSR Circular”) was issued to bring in changes to give effect to the recommendations of Expert Committee, which included revision of definition of value chain partner, change in approach for disclosure for value chain partners from “comply or explain” to voluntary basis, deferment of reporting / assurance by one year, adding the term assessment along with assurance, incorporating under Principle 6, a new leadership indicator of “green credit”.

The Sustainability Reporting Maturity Model (SRMM) is an innovative 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 the foundation for benchmarking sustainability reporting of Indian corporates.

It is based on the BRSR formats suggested by the MCA Committee Report. 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 was updated to SRMM Version 2.0 to incorporate the changes brought in by SEBI BRSR May 2021 Circular. Similar to SRMM Version 1.0, the Version 2.0 comprises of total 300 scores, by completing the scoring of all three sections and nine principles of the SEBI BRSR.



SRMM V 2.0 further aligns the Indian Corporate Sustainability Reporting with International Standards. 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.

6.1.1 Understanding SRMM:

- a. **Self-Evaluation Tool for BRSR:** The SRMM serves as a diagnostic tool, enabling organizations to 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 maturity.
- 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 the score of such indicators 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. Hence, a score of 75 marks has been kept for leadership indicators.
- 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	Involved in compliance functions, etc., and focus increasing on qualitative aspects.	Strategically differentiating by enhancing disclosures vis a vis innovative methods/ technique employed.



		towards establishing/ enhancing internal controls, data collection and disclosures.		
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6.1.2 Advantages of SRMM:

- (a) Organizations can utilize SRMM to identify gaps in their reporting processes and take corrective actions.
- (b) By understanding their current maturity level, organizations can chart a strategic course toward reaching higher levels of reporting maturity.
- (c) The SRMM provides a framework for continuous evaluation, allowing organizations to consistently refine and enhance their reporting processes.
- (d) Usage of SRMM enables better informed decision making
- (e) SRMM supports companies in measuring and generating greater environmental and social impact, contributing to the achievement of Sustainable Development Goals
- (f) The SRMM provides a framework for organizations to align their sustainability reporting with the best global practices and standards.
- (g) Companies can use the SRMM to identify and mitigate potential risks related to ESG issues, reducing the likelihood of financial losses.

6.1.3 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

- 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, take steps 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

Leadership Indicators

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

ITC's Code of Conduct for its employees as well as Suppliers and Service Providers, is adopted by the Board. The Code covers ITC's commitment to human rights aspects like self-respect and human dignity, child labour, gender friendly workplace, relationships with suppliers and customers, health & safety, environment, transparency, anti-bribery and corruption, and exemplary personal conduct. ITC constantly engages with the rightsholders and stakeholders across the supply chain for devising programmes that support Human Rights and Social Development in an integrated manner.

An illustrative example for ITC's leaf tobacco value chain is presented below. ITC coordinates Human Rights impact assessment with an independent party for its farm value chains. Sustainable Tobacco Programme 2.0 is an industry initiative to enhance agricultural supply chain due diligence and accelerate positive impacts on environmental, social and governance elements.

The programme focuses on 8 themes demanding leaf suppliers' commitment on – Water, Human Rights, Crop, Soil, Climate Change, Natural Habitats, Livelihoods and Governance. The Human Rights Due Diligence focusses on identifying human rights risks and impacts covering farmers and communities. Some of the actions undertaken as an outcome of the assessment are:

Training and Awareness on Human Rights: Training and Awareness on Human Rights organised in 361 villages covering subjects such as Farm Safety, Child Labour, Wages, Fair Treatment, Freedom of Association, WASH, No Discrimination and other areas pertaining to Human Rights.

Farm Safety: ITC undertakes a holistic approach that address the farm safety challenges in farming. 5,000 farmers have been provided with Personal Protective Equipment (PPE) kits for safe spraying of chemicals and Secured Storage Box for safe storage of chemicals was provided for 3,600 farmers. Technology like Drones were scaled up covering 11,560 acres minimising human interference while chemical spraying, besides increasing the efficacy of operation and water saving.

For enabling easy access to drinking water, ITC established community level water plants which are operated on a self-sustaining model. 9 new Reverse Osmosis plants were established in FY 2023-24 taking the total current operational plants to 169 units, which provide safe drinking water to over 2.2 lakh rural people.

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

The scope and coverage of Human Rights Due Diligence

extends to own operations including manufacturing locations, Hotels, offices and value chain partners.

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?

Most of our establishments are accessible to the differently abled persons (including visitors), with facilities like Persons with Disabilities (PWD) friendly entrance, wheelchair, braille systems, and tactile pavers etc. Accessible washroom is available for the visitors.

4. Details on assessment of value chain partners:

ITC's Policy on Sustainable Supply Chain and Responsible Sourcing ensures integration of sustainability in its supply chains. ITC's suppliers / value-chain partners are expected to adopt the principles enumerated in ITC's Code of Conduct for Suppliers and Service Providers. ITC reserves the right to verify compliance with the Code of Conduct for Suppliers and Service Providers at any time through appropriate audit and assessment mechanisms, including self-certification.

ITC periodically coordinates third party Human Rights impact assessment for the tobacco farm supply chain. Additionally, ITC conducts third-party desktop assessment of its Critical Tier - 1* suppliers which includes key aspects on Human Rights, Labour Rights and Occupational Health and Safety, amongst other assessment criteria.

For more details, refer to response to Question 1 (Principle 5) under leadership indicators.

	% of value chain partners (by value of business done with such partners) that were assessed
	Critical Tier-1 Suppliers*
Sexual Harassment	40%
Discrimination at work- place	
Child Labour	
Forced Labour/Involun- tary Labour	
Wages	
Others – please specify	

**All ITC Businesses have identified Critical Tier-1 suppliers based on aspects like buy value, ESG risk exposure, importance to business continuity, among others. ITC's Sustainable Supply Chain Programme is focussed on working closely with the set of identified critical suppliers.*

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

Please refer to responses to Questions 1 and 4 of Principle 5 under Leadership Indicators.

**SRMM Rating:**

Principle 5 (Leadership Indicators)	Scaling	Score
Business process being modified / introduced as a result of addressing human rights grievances/ complaints	1 for Modified, 0 for Not modified	1
Details of scope and coverage of Human Rights due diligence conducted including in the value chain	1 for 80-100% covered, 1 for < 60% or NR	1
Accessibility to premise/office of the entity to differently abled visitors, as per the requirements of the Rights of Persons with Disabilities Act, 2016	1 for having accessibility and reported, 0 for NR	1
Details on assessment of value chain partners – child labour, forced labour, sexual harassment etc.	2 if 100% value chain partners assessed, 1 >75% value chain partners assessed and Reported; 0 for NR	1
Details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments above.	1 for Reported; 0 for NR	1

Case Study 3**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

Case Study 4

Essential Indicators

1 a. Number of affiliations with trade and industry chambers/ associations.

ITC's Policy on Responsible Advocacy (<https://www.itcportal.com/about-itc/policies/sustainability-policy.aspx>) provides the framework for necessary interface with Government/Regulatory Authorities on matters concerning various sectors in which the Company operates. The Company's engagement with the relevant authorities is guided by the values of commitment, integrity, transparency and the need to balance the interests of diverse stakeholders. The Company works with apex industry institutions that are engaged in policy advocacy as well as various other forums. The Company had active affiliations with 89 such 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	ASSOCHAM	National
2	All India Management Association	National
3	Confederation of Indian Industry	National
4	Madras Management Association	State
5	Indian Merchants Chamber of Commerce	National
6	Mahratta Chamber of Commerce, Industries & Agriculture	State
7	PHD Chamber of Commerce & Industry	National
8	Bombay Management Association	State
9	Federation of Indian Chambers of Commerce & Industry	National
10	Retailers Association of India	National



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.

The Company has not engaged in any anti-competitive conduct.

SRMM Rating:

Principle 7 (Essential Indicators)	Scaling	Score
Number of affiliations with trade and industry chambers/ associations	1 for Reported, 0 for NR	1
List of top 10 trade and industry chambers/ associations	1 for Reported, 0 for NR	1
Details of corrective action taken based on Adverse Judicial or regulatory orders for anti-competitive conduct in financial year	3 for No adverse order, 2 for adverse order reported and corrective action taken, 1 for reported, 0 otherwise	3
Total Score		5

Case Study 5

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
1.	<p>The Company's Policy on Responsible Advocacy approved by the Board provides the framework for necessary interface with Government/ Regulatory Authorities on matters concerning various sectors in which the Company operates.</p> <p>Sector-wise matters taken up are in line with national priorities to strengthen domestic industry, promoting sustainable agriculture and business practices.</p>	<p>The Company works with apex industry institutions that are engaged in policy advocacy, like the Confederation of Indian Industry, Federation of Indian Chambers of Commerce & Industry, Associated Chambers of Commerce and Industry of India, and various other forums including regional Chambers of Commerce.</p> <p>The Company's engagement with the relevant authorities is guided by the values of commitment, integrity, transparency and taking into consideration interests of all stakeholders.</p>	For more details, refer to 'Report of the Board of Directors & Management Discussion and Analysis' section forming part of ITC's Report and Accounts 2024.	Annually	-



SRMM Rating:

Principle 7 (Leadership Indicators)	Scaling	Score
Public policy positions advocated by the company	2 for Positions advocated, 0 otherwise	2
Total Score		2

MODULE 7

GLOBAL ESG FRAMEWORKS AND SUSTAINABILITY REPORTING LANDSCAPE

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.

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.

7.1 GLOBAL TRENDS IN CORPORATE SUSTAINABILITY REPORTING

7.1.1 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.

7.1.2 Why Sustainability Reporting Matters

In today's world, with concerns like climate change, social inequalities, value chain sustainability 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, resource scarcity 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 and the linkage to externalities. 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, WBCSD 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 UN Principles for Responsible Investment (PRI)

A UN-supported global network of investors committed to integrating environmental, social, and governance (ESG) factors into their investment practices. Launched in 2006, the PRI provides a voluntary framework of six principles to guide investors in contributing to a more sustainable global financial system.

7.1.3 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.

7.2 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) **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.
- (h) **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.
- (i) **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/>

7.3 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

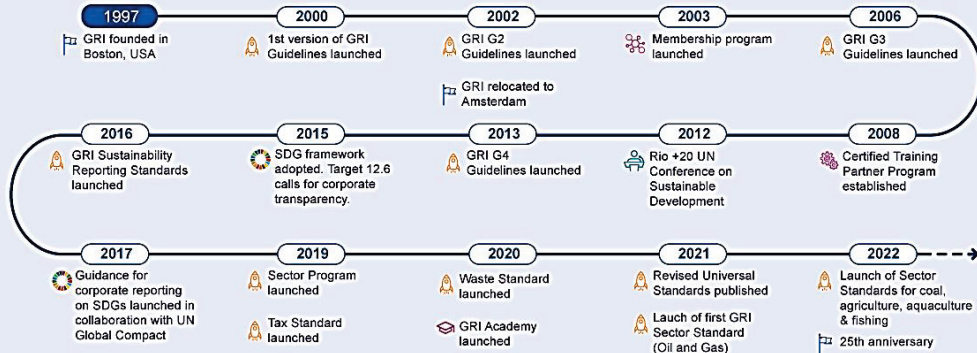
In 2016, GRI transitions to providing the GRI Standards, the first global standards for sustainability reporting. These standards continue to evolve with the addition of new standards, such as Tax (2019) and Waste (2020), and updates to existing ones, including the Universal Standards (2021) and Sector Standards (ongoing).

(f) Conclusion: GRI's Ongoing Commitment

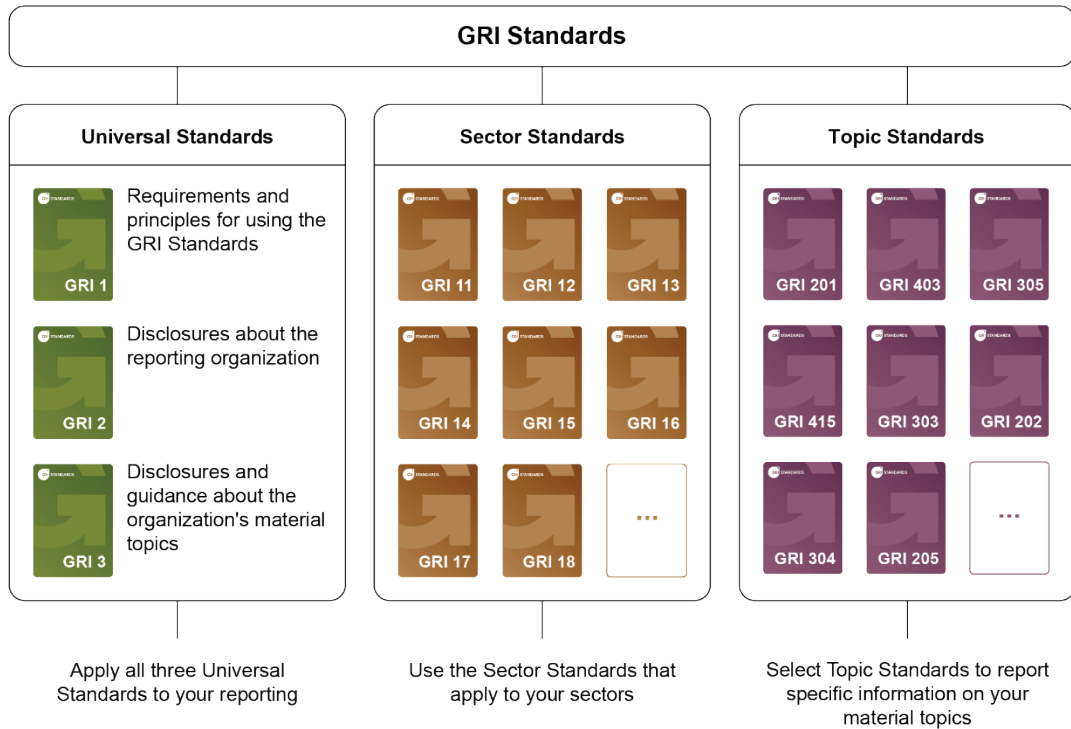
GRI's journey highlights its ongoing commitment to advancing sustainability reporting globally. By evolving from guidelines to standards and expanding its regional presence, GRI remains at the forefront of promoting transparency, accountability, and sustainability across industries and borders.



Timeline of GRI's history



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/ioqnxtnx/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

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.

7.4 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>



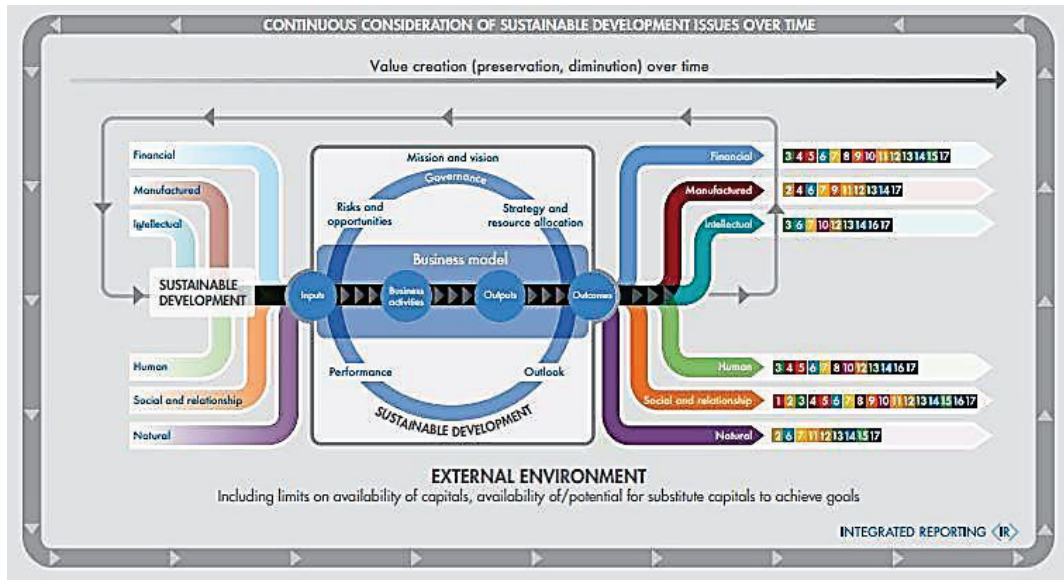
The Sustainability Accounting Standards Board (SASB) standards, now under the ISSB, provide industry-specific guidance on financial material sustainability topics for 77 industries. These standards help companies identify and report ESG information that is most relevant to investors' decisions. The ISSB is committed to maintaining, enhancing, and incorporating the SASB standards into its global baseline of sustainability disclosure standards (IFRS S1 and S2), recognizing their value for industry-specific insights.

Here is a timeline of key events in the history of the Sustainability Accounting Standards Board (SASB):

- **July 2011:** SASB is founded by Jean Rogers as a non-profit organization with the mission to develop sustainability accounting standards for use in corporate filings to the U.S. Securities and Exchange Commission (SEC). The aim was to help businesses and investors have a common language about the financial impacts of sustainability. Robert G. Eccles was the founding chair of the Board of Directors.
- **2017:** SASB undergoes a governance restructuring, establishing the SASB Foundation to oversee administration and finances, and a separate Standards Board for technical standard-setting. This aligns its structure more closely with traditional financial standard-setting organizations.
- **November 2018:** After a six-year effort, SASB launches its comprehensive set of 77 industry-specific sustainability accounting standards. These standards identify financially material ESG topics and related metrics for different industries.
- **June 2021:** SASB and the International Integrated Reporting Council (IIRC) announce their combination to form the Value Reporting Foundation (VRF). This merger aims to simplify the corporate reporting landscape by integrating financial and sustainability reporting.
- **November 2021:** The IFRS Foundation announces its plans to establish the International Sustainability Standards Board (ISSB) to develop a comprehensive global baseline of high-quality sustainability disclosure standards. It also announces plans to consolidate with the VRF and the Climate Disclosure Standards Board (CDSB).
- **August 1, 2022:** The VRF officially consolidates into the IFRS Foundation, and the responsibility for the SASB Standards transitions to the ISSB. Ongoing SASB Standards projects are also transitioned to the ISSB. The ISSB commits to maintain, enhance, and evolve the SASB Standards, encouraging their continued use.
- **October 2023 onwards:** The ISSB begins work on incorporating and enhancing the SASB Standards as part of its global baseline of sustainability disclosures (IFRS S1 and IFRS S2). Projects include assessing the international applicability of SASB Standards and issuing climate-related updates.



7.5 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.



7.6 TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES FRAMEWORK (TCFD)

7.6.1 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.

7.6.2 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.

7.6.3 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.

7.6.4 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.

7.6.5 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.

Here's a summary of the current status:

- **Disbandment:** Following the release of its final status report in October 2023, the TCFD was disbanded at the request of the Financial Stability Board (FSB), which had created it in 2015.
- **Integration into ISSB:** The TCFD's work and recommendations have been **fully incorporated** into the International Sustainability Standards Board's (ISSB) IFRS S1 (General Requirements for Disclosure of Sustainability-related Financial Information) and IFRS S2 (Climate-related Disclosures) standards, which became effective on January 1, 2024.
- **Monitoring by ISSB:** The FSB has asked the IFRS Foundation (the parent organization of the ISSB) to take over the monitoring of the progress of companies' climate-related disclosures, a responsibility previously held by the TCFD.
- **Continued Relevance:** While the TCFD as an entity no longer exists, its **four core recommendations** (Governance, Strategy, Risk Management, and Metrics & Targets) and **eleven supporting recommended disclosures** remain central to the global framework for climate-related financial disclosures through their inclusion in the ISSB standards.
- **Transition Period:** Companies that previously reported under the TCFD framework can continue to do so during a transition period if required by specific jurisdictions or regulations. However, the long-term goal is a unified global standard through the ISSB.
- **Growing Adoption:** Reports indicate that the number of companies disclosing information aligned with the TCFD recommendations (now largely consistent with ISSB



standards) continues to grow, although full alignment across all recommendations is still relatively low.

In essence, the TCFD's legacy lives on through the ISSB standards, which aim to provide a more comprehensive and globally accepted structure for sustainability and climate-related reporting. Companies are now encouraged to adopt the ISSB standards to meet the original TCFD recommendations and benefit from the enhanced clarity and consistency of the new global framework.

7.7 CONSTITUTION OF INTERNATIONAL SUSTAINABILITY STANDARDS BOARD (ISSB) BY IFRS FOUNDATION

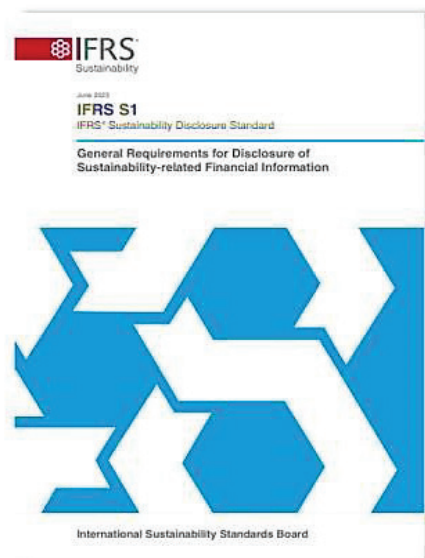
The International Sustainability Standards Board (ISSB) is an independent, private-sector body that develops and approves IFRS Sustainability Disclosure Standards (IFRS SDS). The ISSB operates under the oversight of the IFRS Foundation. The ISSB was formed in 2021 following two consultations on the demand 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:

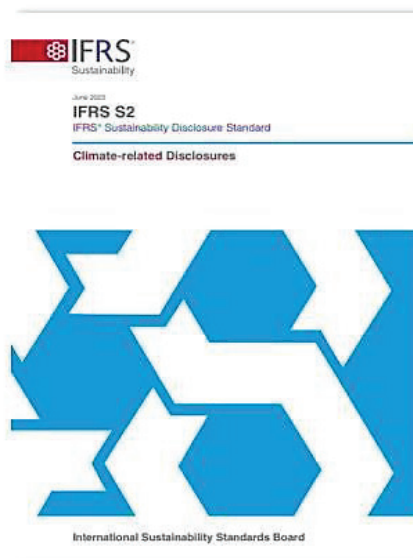
- full discretion in developing and pursuing its technical agenda, subject to certain consultation requirements with the Trustees and the public
- the preparation and issuing of SDSs and exposure drafts, following the due process stipulated in the Constitution.

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

7.7.1 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.

7.7.2 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

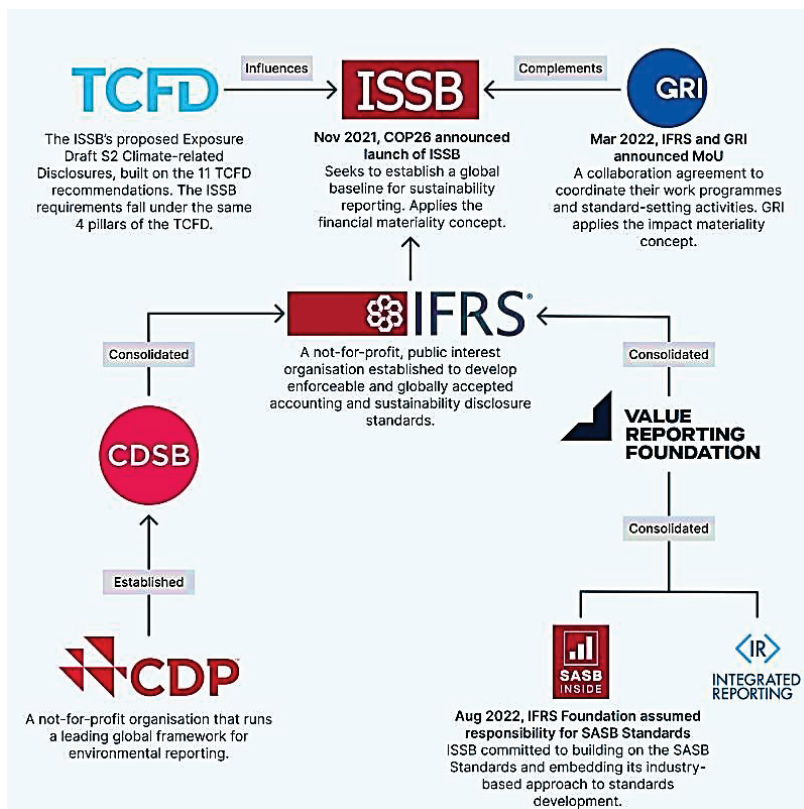


- d. the entity's performance in relation to its climate-related risks and opportunities, including progress towards any climate-related targets it has set, and any targets it is required to meet by law or regulation.

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.

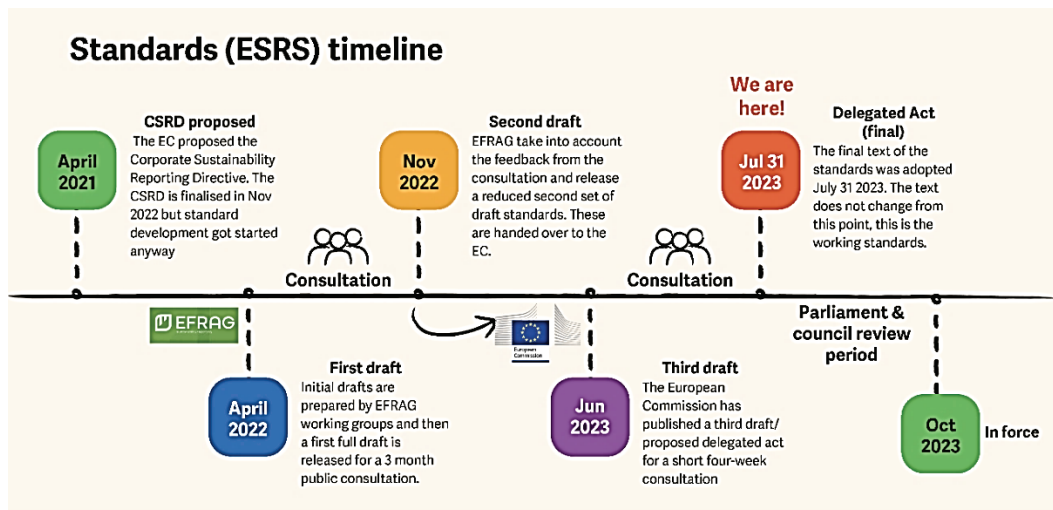


Source: <https://www.ericaceller.com/esg-frameworks-and-standards>



7.8 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.



7.8.1 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).

7.8.2 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>

The European Sustainability Reporting Standards (ESRS) are in the **implementation phase**. Here's a summary of their current status:

- **Applicability:** The first set of ESRS became applicable for financial years **starting on or after January 1, 2024**, with the first reports expected in **2025**. This initially applies to companies already subject to the Non-Financial Reporting Directive (NFRD).
- **Phased Implementation:** The Corporate Sustainability Reporting Directive (CSRD), which mandates the use of ESRS, has a phased implementation timeline, meaning different categories of companies will come under its scope at different times.
 - **Large public-interest entities already subject to the NFRD:** Reporting for the first time in **2025** on the 2024 financial year.
 - **Other large companies:** Reporting for the first time in **2026** on the 2025 financial year. This applies to large undertakings that exceed at least two of the following criteria: more than 250 employees, a total balance sheet of more than €25 million, and a net turnover of more than €50 million.



- **Listed SMEs (except micro-enterprises) and other undertakings:** Reporting for the first time in **2027** on the 2026 financial year. However, a further two-year opt-out is possible.
- **Non-EU companies with substantial activity in the EU:** Will have to report from **2029** on their 2028 activities if they generate a net turnover of more than €150 million in the EU and have at least one subsidiary or branch meeting certain thresholds within the EU. *Note: There was a recent proposal to increase this threshold to €450 million, but its final adoption is pending.*
- **Development by EFRAG:** The European Financial Reporting Advisory Group (EFRAG) was responsible for developing the draft ESRS as technical advisor to the European Commission.
- **Adoption by the European Commission:** The first set of sector-agnostic ESRS was adopted by the European Commission as a Delegated Act on July 31, 2023, and published in the Official Journal of the European Union in December 2023. This first set includes 12 standards covering general principles, general disclosures, environmental, social, and governance topics.
- **Ongoing Development:** EFRAG is currently working on sector-specific ESRS, as well as standards for listed SMEs and non-EU companies. The development of sector-specific standards has been **postponed by two years** to allow companies to focus on implementing the first set of ESRS. Draft standards for listed and non-listed SMEs were issued for public consultation in early 2024. The standards for non-EU companies are expected to be finalized around June 2026.
- **"Omnibus" Proposal and Potential Simplification:** In February 2025, the European Commission proposed an "Omnibus" package which includes measures to **simplify the ESRS**. This involves a mandate for EFRAG to streamline the first set of standards, reduce the number of data points, and improve clarity.
- **Interoperability:** Efforts are being made to ensure interoperability between ESRS and global standards like those developed by the ISSB (which incorporated the SASB framework and TCFD recommendations) to reduce the reporting burden for companies operating internationally.

7.9 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 to the weblink below:

<https://www.sec.gov/files/33-11042-fact-sheet.pdf>

7.10 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.

7.11 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, 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.

MULTIPLE CHOICE QUESTIONS

Q.1. The situation when companies make overstatement of the environment management claims is known as?

- A. Greenfootprint
- B. Green certifications
- C. Greencleansing
- D. **Greenwashing**

Q.2. How many underlying principles for the SDGs?

- A. **4**
- B. 3
- C. 5
- D. 2



- Q.3. Which were the new Ps added to Sustainable Development Goals as compared to MDGs?**
- A. Profit & Partnership
 - B. Pactful & Partnership
 - C. Peace & Partnership**
 - D. Peace & Pactful
- Q.4. Which Ps SDG 7 to 14 focuses on?**
- A. People & Planet
 - B. Peace & Prosperity
 - C. Peace & Prosperity
 - D. Planet & Prosperity**
- Q.5. There are 169 targets and 247 indicators as part of SDGs. How many out of these indicators are unique?**
- A. 225
 - B. 237
 - C. 229
 - D. 231**
- Q.6. Which of the options lower the carbon emissions and helps a company in climate action?**
- A. Fuel switch from coal to natural gas
 - B. Commission of small scale hydro project for supply of electricity
 - C. Implementing energy efficiency projects
 - D. All of the above**
- Q.7. The body that has developed GRI Standards?**
- A. Global Reporting Board
 - B. Sustainability Standards Board
 - C. Global Sustainability Standards Board**
 - D. None of the above



- Q.8. Which are the three disclosures that form Universal Standards as part of GRI Reporting?**
- A. Foundation, General Disclosures & Management Approach**
 - B. Economic, Environment, Social
 - C. Materiality, Governance & Boundary
 - D. Policies, Process & Review
- Q.9. There are how many topic specific standards in the GRI reporting framework?**
- A. 24
 - B. 42
 - C. 33
 - D. 34**
- Q.10. Which of the options standards are environmental under the GRI reporting framework?**
- A. Reduction in energy consumption
 - B. Proportion of spending on local suppliers
 - C. Emissions of ozone-depleting substances
 - D. A) and C)**
- Q.11. Under Principle 8: Which GRI Indicators can be mapped to essential indicator of Details of Social Impact Assessments?**
- A. GRI 103
 - B. GRI 203
 - C. GRI 413
 - D. All of the above**
- Q.12. Which principles provide information related to the environment in the BRSR framework?**
- A. Principle 4
 - B. Principle 2
 - C. Principle 6
 - D. 2 & 3**



Q.13. A company sells shoes as zero carbon product. The customers love the product and are sold off during a pre-sale event. The company has limited data to demonstrate its claim. What is this situation known?

- A. Green stewardship
- B. Greenwashing**
- C. Greenshoot
- D. Greenscape

Q.14. Which SDG goal focuses on Peace?

- A. 13
- B. 16**
- C. 17
- D. 11

Q.15. Goal 1 to 5 of SDGs are focussing on which aspect of sustainability?

- A. Peace
- B. Planet
- C. People**
- D. Partnership

Q.16. Which SDG is the Principle 1 referring to?

- A. 16**
- B. 14
- C. 17
- D. 13

Q.17. Which SDG is the Principle 2 referring to?

- A. 13
- B. 11
- C. 12**
- D. 14



- Q.18. Principle 8 refers to a particular section of Companies Act. Which section is the one covered by Principle 8?**
- A. 131
 - B. 130
 - C. 135**
 - D. 133
- Q.19. Natural environment is a stakeholder of any business?**
- A. TRUE**
 - B. FALSE
- Q.20. There are how many different scopes in GHG reporting?**
- A. 3**
 - B. 2
 - C. 1
 - D. 4
- Q.21. What does R & R mean in context of Principle 8?**
- A. Rehabilitation & Rejuvenation
 - B. Rehabilitation & Resettlement**
 - C. Research & Recommendation
 - D. Registration & Resumption
- Q.22. Under Principle 9 reporting you are suppose to disclosure complaints against your advertising?**
- A. TRUE**
 - B. FALSE
- Q.23. TCFD framework is for nature & biodiversity related disclosure?**
- A. TRUE
 - B. FALSE**
- Q.24. What is full form of SASB?**
- A. Sustainability Assessment Standards Board
 - B. Sustainability Assessment Stability Board



- C. **Sustainability Accounting Standards Board**
- D. None of the above

Q.25. There are how many types of climate risk?

- A. **2**
- B. 1
- C. 4
- D. 5

Q.26. TCFD framework has been adopted under ISSB?

- A. **TRUE**
- B. FALSE

Q.27. The IFRS S2 standards are about which aspect of sustainability disclosure?

- A. Water
- B. Waste
- C. Energy
- D. **Climate**

Q.28. What is full form of ESRs?

- A. European Sustainenace Reporting Standards
- B. **European Sustainability Reporting Standards**
- C. European Standards Regulatory Systems
- D. None of the above

Q.29. What is full form of CDP?

- A. Climate Disclosure Program
- B. Climate Disclosure Program
- C. **Carbon Disclosure Project**
- D. Carbon Department Project

Q.30. What is DJSI?

- A. Carbon rating
- B. Water rating



- C. Social rating
- D. ESG rating**

Q.31. Who has formed ISSB?

- A. IFRS Foundation**
- B. FSB
- C. WBCSD
- D. UN

Q.32. Heat waves are example of transition climate risk?

- A. TRUE
- B. FALSE**

Q.33. Carbon tax is a type of physical climate risk?

- A. TRUE
- B. FALSE**

Q.34. What is full form of PRI?

- A. Principles of Regulations Initiative
- B. Principles of Responsibility Initiative
- C. Principles of Responsible Investment**
- D. Program of Responsible Investment

Q.35. SBTi is a body that approval on what?

- A. Water targets
- B. carbon emission targets**
- C. circularity targets
- D. sustainability targets

Q.36. What is full form of UNGC?

- A. United Nations Geography compact
- B. United National Geology Compact
- C. United Nations Gravity Compact
- D. United Nations Global Compact**



Q.37. CDP is for-profit organisation?

- A. TRUE
- B. FALSE

Q.38. In which year was GRI founded?

- A. 1997
- B. 1998
- C. 1999
- D. 2001

Q.39. There are how many recommendations in TCFD?

- A. 2
- B. 4
- C. 1
- D. 5

Q.40. What is the alignment of ESRS to other global sustainability reporting framework known as?

- A. Interlinkage
- B. Linkage
- C. Interoperability
- D. Interoperations

CASE STUDIES

Background

Harmony is a leading global technology company that works across the FMCG value chain to achieve a more health, and sustainable future. They sell products to various segments of the society. The company has a rich history of excellence going all the way back to more than 150 years, it's success is driven by more than about 60,000 talented employees in over 30 countries.

Governance, Commitment & Disclosures

As part of its overall responsibility for the company's strategy and targets, the company's Board of Directors also oversees the company's sustainability strategy, and monitors progress and target achievements. ESG & Sustainability is part of the responsibilities of the Board's Risk



Management Committee, while the Compensation Committee ensures that the remuneration policies are linked to the achievement of its sustainability targets. As of this year, sustainability key performance indicators are part of our senior management incentives.

Implementation of the strategy is driven by our Sustainability Board, comprising the full Group Executive Committee. The Sustainability Board oversees policies and programs, review developments, and monitor progress towards our targets. The Sustainability Board is advised by a Sustainability Council, consisting of experts from our Group sustainability function as well as of all our Business Areas.

The company launched their journey of non-financial reporting i.e; Global Reporting Initiative (GRI) and made their first disclosure of GRI based sustainability reporting in the year 2005. The company has been amongst the early adopters of the Nationally Voluntary Guideline (NVGs) based Business Responsibility Reporting (BRR) format. The company has adopted SASB framework and has published against the SASB standards from FY 2019-20. The Company also publishes reporting in line with UNGC and Investor Carbon Disclosure Project (CDP) reports of Climate and supply chain.

The company's sustainability strategy has alignment to UN Sustainable Development Goals, Paris Agreement and United Nations Guiding Principles on Business & Human Rights (UNGP). The company has been proactive in climate action and has been publishing its Climate report since 2021 in line with the requirements of Task Force for Climate related Financial Disclosures (TCFD). At the end of previous financial year, the company has committed Net Zero before 2040. They have committed to Science Based Targets Initiative (SBTi) and through that also signed up to Business Ambition for 1.5 °C commitment. The company has also done pilot testing of the Task Force on Nature related Financial Disclosures (TNFD) framework to evaluate the risk and opportunities of biodiversity and nature in their business.

Materiality

The company works together with our stakeholders to develop its priorities and related actions in consideration of the full range of their perspectives. Determining the materiality of stakeholder issues is a process that involves frequent review, particularly on the part of its external stakeholder panel. The company builds long-lasting, value-creating partnerships with stakeholders, which include customers, suppliers, business partners, employees and the communities in which it operates.

In FY2022, the company conducted materiality assessment process in accordance with AA1000AS sustainability standard. The company reached out to 600 respondents that comprised senior executives, employees from various business units in different countries, customers and external stakeholders with specialized knowledge in key sustainability areas such as climate change, the environment and human rights. Various groups engaged with during the materiality process were investors, customers, employees, suppliers, regulators,



media, NGO and community. There are 24 broad aspects, of which the following four are the most material issues for their business. The table below shows mapping of the most material topics to SDGs:

Material Topic	SDGs
Ethical business standards	SDG 16
Climate Change	SDG 13, SDG 7
Responsible sourcing	SDG 3 SDG 5, SDG 6, SDG 8 & SDG 12
Waste management	SDG 12, SDG 14 & SDG 15

Below is the summary of disclosures made by the company on the material topics:

Ethical business standards: The Code of Conduct is the framework that explains the behavior the company expects of every employee and stakeholder around the world. It is based on its business principles: responsibility, respect and determination.

The company has adopted various policies like anti-corruption & bribery, code of conduct, supplier code and whistleblower that sets the transparency and business ethics context for the business. The integrity program has, as one of its key components, a strong training and communications component. It comprises of e-learning, face-to-face trainings, communications and activities. During the year, the company has held several training and capacity building programs and the summary has been captured below Table 1:

Table 1

	2024			2023		
	Employee number	Share of employees	% Trained	Employee number	Share of employees	% Trained
Executives	118	0.2	70%	97	0.2	55%
Senior management	1289	2.1	94%	995	1.7	78%
Middle management	18458	30.8	97%	13856	23.1	85%
Junior management	40135	66.9	97%	33752	56.3	85%
	60000			48700		



The company also has a whistleblower policy that encourages and protects employees who speak up when they encounter behaviour in the workplace that is unethical, illegal or goes against the values of the company's code of ethics. A summary of log of cases on the company Ethics helpline are presented below Table 2:

Table 2

Ethics Helpline	2024	2023	2022
Number of reports	235	354	398
Closed cases	225	341	375

Climate Change: The link between energy efficiency, renewable energy and mitigating climate change is clear. In terms of own operations, this means taking action to reduce energy consumption and greenhouse gas emissions and to pursue low carbon forms of energy at our plants, offices and along the value chain. The total carbon footprint is inclusive of Scope 1, Scope 2 and Scope 3 emissions.

As part of our Group-wide sustainability objective to progressively increase the efficiency of the operations, the company have set ourselves the target to reduce the greenhouse gas emissions of our business by 40 percent by 2030 from a 2018 baseline. The company has four-pronged strategy to address climate change:

- 1) Energy efficiency in operations
- 2) Fuel switch in heating operations
- 3) Renewable energy
- 4) Logistics & packaging

The climate performance of the company is presented in the below table3:

Table 3

Total greenhouse gas emissions (kilo tons CO ₂ e)	2024	2023	2022
Total Scope 1+ 2 Emissions	228.1	262.8	279
Scope 1 Emissions	67.1	75.8	79
Use of energy	25	28	29
SF6 emissions ³	4.1	4.8	5
Transport of own fleet	38	43	45
Scope 2 Emissions	161	187	200
District heating	16	20	22
Grid Electricity	145	167	178

³ It is one of the Greenhouse gas



Sources of scope 3 emissions (2024)	Total emissions (kilo tons CO2e)
1. Air travel	23
2. Waste generation in operations	5
3. Energy related not in Scope 1 & 2	43
4. Purchased goods and services	234
5. Employee commuting	12
6. Up and downstream transportation	56
7. Up and downstream leased assets	10

Responsible sourcing:

The sustainability of the supply base is integral to the long-term success of our enterprise. The company works closely with its suppliers to ensure that its sustainability expectations, ambitions and targets are understood and met. The suppliers are an extension of the enterprise; as such, they are integral to sustainable growth. To set expectations, the company has issued the “Supplier Code of Conduct” (SCoC). This policy document, which is published in multiple languages, reflects the 10 principles of the UN Global Compact and the essence of the company’s Code of Conduct. In 2020, the company reinforced the SCoC with the release of the updated Code of Conduct, which further clarified the expectations for their employees when dealing with suppliers.

New suppliers are required to go through supplier qualification process, during which an assessment of the sustainability performance of potential business partners at the initial selection stage, along with other business parameters. To become qualified to do business with the company, new suppliers must commit to the SCoC. This aspect of our routine supplier evaluation process reinforces our commitment to responsible sourcing.

Over the past year, we continued to run our comprehensive Sustainable Supply Chain Program (SSCP). This program enables to proactively identify, assess and address sustainability issues, including general management, labor rights, social benefits, health and safety and environment, at our high-risk suppliers. The SSCP involves supplier screening, training, on-site assessment, monitoring and follow up until the closure of all non-conformances.

The sustainable supply chain performance data has been summarized in Table 4.

**Table 4**

	2024	2023
Total suppliers	12234	13245
Tier 1	2357	2378
Non-tier	9877	10867
Critical suppliers	114	123
Critical suppliers audited	45	27
Corrective actions provided based on audit	26	9

Waste management:

The company implements a wide range of waste reduction and recycling initiatives, bringing environmental benefits and cost savings to the business. For both the products and processes the company is mindful of using the right materials, building in sustainability wherever possible.

Across the world, the facilities take it upon themselves to innovate and recycle to address waste reduction. Many sites have conducted detailed on-site analyses and work with their waste management vendors to optimize recycling options. Revenues realized from a range of waste streams along with the reduced costs of waste disposal reinforce these efforts within our businesses.

Table 5 summarises the waste management information.

Table 5

Waste (kilotons)	2024	2023	2022
Scrap metal recycled	124	167	156
Non-hazardous waste recycled	35	61	62
Non-hazardous waste sent for disposal	24	41	37
Hazardous waste recycled	3	7	5
Hazardous waste sent for disposal	5	7	6
Total waste generated	192	283	266

Way forward on reporting:

The company looks towards adoption of a new framework and disclosure against the EU Taxonomy and any other relevant frameworks. The company will also prepare for the new proposed reporting framework of BRSR by MCA.



Please read the above case study and answer the following questions?

Questions:

1. The company has undertaken materiality assessments during the year and have reached out to stakeholders as part of the study. The company has also mapped SDGs to the material topics for their business. Please answer the following questions:

- i) How many stakeholders categories were reached out
- ii) How many priority material topics were identified
- iii) How many total SDGs were mapped to the high priority material topics

a. 7; 4; 9	b. 8; 4; 9
c. 8; 4; 10	d. 7; 4; 10

2. Under the Principle 1, companies are supposed to disclose its performance on ethics, transparency and accountability. The company has adopted shared policies as well as data on training & awareness and number of cases reported related to ethics during the year. Please provide response to below questions:

- i) How many policies has the company adopted on principle 1
- ii) What is the percentage increase in total number of employees trained on ethics over previous year
- iii) What is the %change in open case 2024 vs 2022

a. 4; 30.7; 52.56	b. 3; 40.7; 56.22
c. 3; 30.7; 52.66	d. 4; 40.7; 56.52

3. The company has taken the voluntary target to become net zero before 2040. The company has also published its climate report. The company has presented information related to carbon emissions. What is the total carbon footprint for the year 2024? Science Based Targets Initiative (SBTi) recommends target to be taken for Scope 3 if it is more than 40% of the total carbon emissions. So, in this case, is the company required to take the SBTi target on Scope 3?

a. 609.1 kilo tons CO ₂ ; No	b. 609.1 kilo tons CO ₂ ; Yes
c. 611.1 kilo tons CO₂; Yes	d. 6,11.1 kilo tons CO ₂ ;No

4. Responsible sourcing is identified as a material issue. The company has comprehensive sustainable supply chain program running for the supplier base. Through the supply



chain program, the company is proactively addressing ESG risks in the supply chain. From the sustainable supply chain performance data provided in Table 4:

- i) What is percentage of critical suppliers of the total tier 1 suppliers in 2024?
- ii) Whether this statement is true or false – There is increase in suppliers who corrective actions are submitted in 2024 as compared to 2023?

a. 4.8; True	b. 4.8; False
c. 6.2; True	d. 6.2; False

5. The company has waste management as one of the key focus area. The company has taken target for Zero waste to landfill by 2030. Based on the waste management data please answer following questions:

- i) What is the percent of waste going to landfill for year 2024
- ii) The waste going to landfill performance is improved in 2024 vs 2023: True or False

a. 16.9; False	b. 15.1; True
c. 15.1; False	d. 16.9; True

MODULE 8

MATERIALITY ASSESSMENT

Module 8 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.

By mastering the essence of materiality, Module 8 empowers participants to make informed decisions, prioritize effectively, and ensure their ESG reporting truly resonates with stakeholders and contributes to a sustainable future.

8.1 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.

8.2 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.

Ex: **A FMCG company** defines the materiality scope for its sustainability reporting by covering **100+ markets** and **entire product life cycles**. It includes **independent brands, joint ventures, and suppliers**, ensuring full value chain transparency.

(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.

Ex: **Software consulting company** includes digital privacy and cybersecurity as core material issues, reflecting its IT services nature.

(Assignment: Use **AI/NLP tools** to scan ESG reports and identify emerging topics across different sectors)

(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.

Ex: **A business house operating ports** includes **fishermen communities**, port laborers, and **coastal regulators** as stakeholders in its ESG risk mapping—especially for environmental impact.

(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.

Pharmaceutical Laboratories uses **stakeholder mapping and impact assessments** to identify **access to medicine** and **ethical clinical trials** as critical topics.

(e) Prioritize material topics

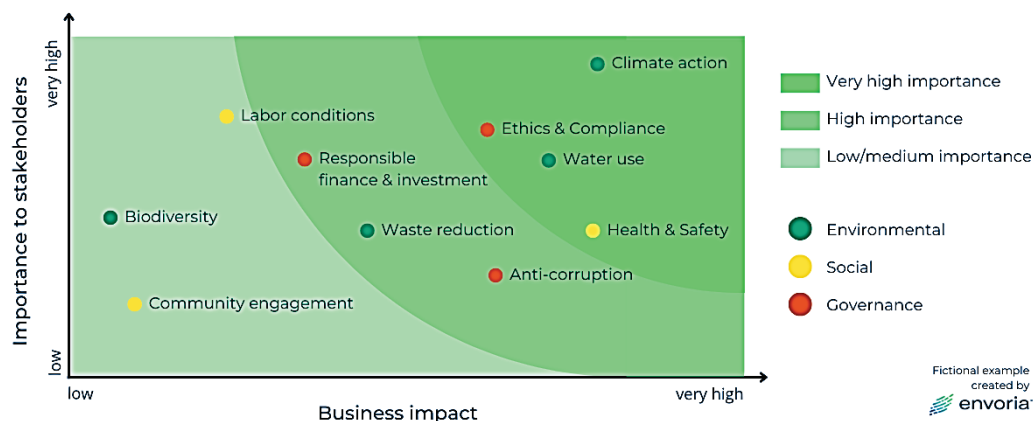
ESG issues should be ranked and prioritized in order to make your report concise and meaningful. Prioritize material topics based on the strategic importance to the business and stakeholders and the ESG impact of each topic.

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.

Ex: Companies to plot Materiality Matrix use a 3-tier classification (Critical, High, Moderate) to prioritize material topics



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.

Ex: Hotel business integrates ESG into its business strategy by committing to **plastic neutrality**, based on stakeholder concerns and regulatory trends and in turn opts for sustainable packing of water bottles and guest amenities.



8.3 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



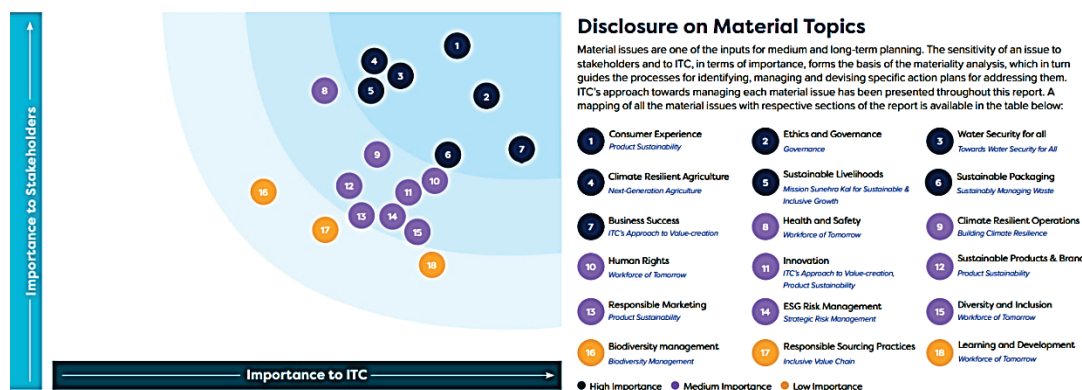
- a. **Identify ESG Issues:** Begin by compiling a comprehensive list of potential ESG issues relevant to the company, drawing from sources such as SASB, GRI, industry benchmarks, and internal insights.
- b. **Stakeholder Engagement:** Engage with a diverse range of stakeholders to understand their perspectives 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>

8.4 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.

8.5 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.

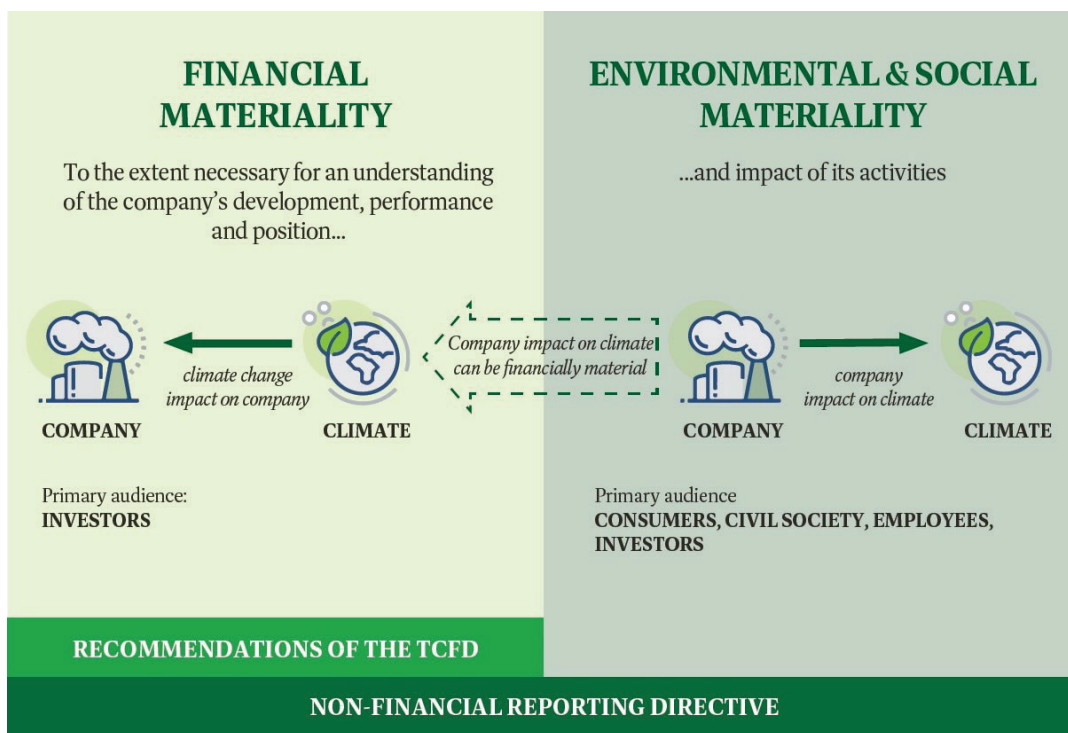
Financial Materiality vs. Impact Materiality

- 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.

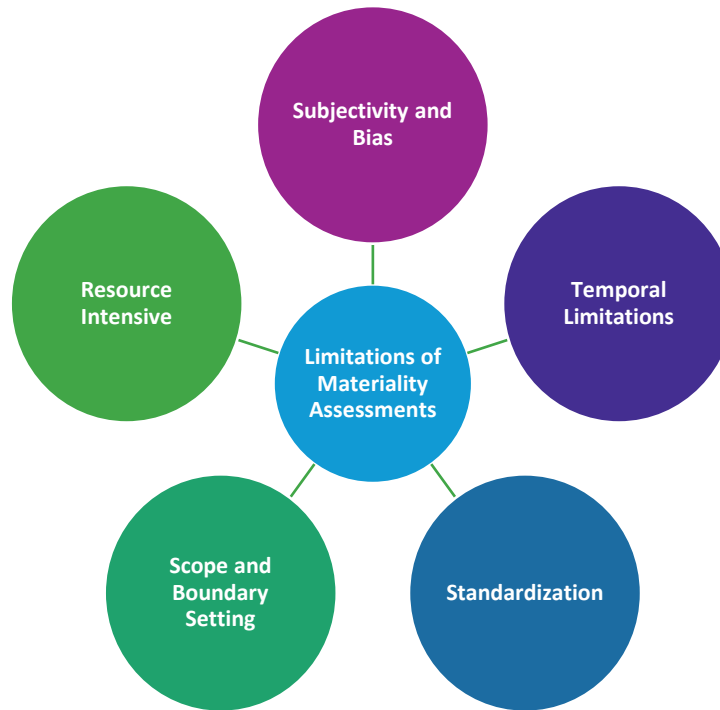
Double materiality offers a holistic approach to sustainability reporting by considering both internal financial factors and external societal and environmental impacts. By prioritizing material topics from both perspectives, companies can better address stakeholder expectations and contribute to sustainable development.



Source: <https://www2.deloitte.com/cn/en/pages/hot-topics/topics/climate-and-sustainability/dcca/thought-leadership/the-challenge-of-double-materiality.html>

8.6 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 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.

8.7 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.

Case Study

Strategic Alignment of Materiality Assessment into Business

One of India's largest automotive and farm equipment manufacturers undertook a **materiality assessment** as part of its integrated reporting and long-term sustainability roadmap.

Strategic Alignment Outcome:

1. Material Topics Identified:

- **Climate Change & Emissions** (Environmental)
- **Employee Health & Safety** (Social)
- **Innovation for Clean Mobility** (Governance & Strategy)

2. Action Taken:

- Committed to **carbon neutrality by 2040**
- Launched **electric vehicle (EV) platforms** such as the Mahindra eVerito and XUV400
- Integrated **ESG KPIs** into board scorecards and senior leadership reviews

3. Resulting Business Benefits:

- Strengthened its position as a **sustainable mobility leader**
- Attracted **green investments** and international collaborations (e.g., with British International Investment for EV platforms)
- Aligned product development strategy with emerging **ESG regulations** and **consumer demand trends**

MULTIPLE CHOICE QUESTIONS

1. While conducting a materiality assessment, a multinational beverage company operating in South Asia identifies 'water scarcity' as a major concern raised by local NGOs and community leaders. Which phase of the materiality process is most directly associated with this finding?
 - a) Define purpose and scope
 - b) Prioritize material topics



- c) **Stakeholder identification and engagement**
 - d) Integration into ESG strategy
2. **A manufacturing firm decides to cluster material issues such as energy use, water conservation, and emissions into a broader category called 'environmental sustainability.' What is the primary objective of this step?**
- a) Enhancing stakeholder buy-in
 - b) Aligning with legal reporting mandates
 - c) Avoiding difficult stakeholder conversations
 - d) **Streamlining material topic prioritization**
3. **During an internal ESG workshop, the finance department argues that cybersecurity isn't financially material. However, the risk team emphasizes its impact on trust and regulatory exposure. Which concept helps resolve this disagreement?**
- a) Governance scoring
 - b) Materiality threshold benchmarking
 - c) **Double materiality**
 - d) Stakeholder fatigue mapping
4. **A company updates its materiality matrix annually but fails to capture new emerging topics like AI ethics or biodiversity loss. This reflects which limitation of ESG materiality assessments?**
- a) Lack of stakeholder engagement
 - b) **Temporal relevance and lag**
 - c) Overreliance on internal scoring
 - d) Conflict between E and G metrics
5. **Which scenario best illustrates a strategic alignment between ESG materiality and core business priorities?**
- a) A logistics firm issuing a sustainability report only after regulatory enforcement
 - b) **A retail chain investing in women-led rural supply chains after identifying gender equity as material**
 - c) An IT company disclosing voluntary data privacy reports without stakeholder feedback



- d) A construction firm setting emissions goals without reviewing materiality results
6. **A bank's ESG team decides to revise the materiality matrix to include climate risk stress testing, after new central bank guidelines. This action reflects which future trend in ESG materiality?**
- a) **Increased standardization pressure**
 - b) Greater emphasis on governance factors
 - c) De-prioritization of social indicators
 - d) Outsourcing of stakeholder engagement
7. **A healthcare company's ESG team uses AI to scan millions of global news articles and ESG databases to identify emerging material topics. This reflects which future-oriented trend?**
- a) Strategic greenwashing
 - b) Integrated assurance modeling
 - c) **Technology-led ESG intelligence**
 - d) Decentralized sustainability teams
8. **In a materiality matrix, which quadrant typically contains ESG topics that demand the most urgent action and are core to reporting strategy?**
- a) Lower left – low importance to both business and stakeholders
 - b) Upper left – high stakeholder importance, low business impact
 - c) Lower right – high business impact, low stakeholder concern
 - d) **Upper right – high importance to both business and stakeholders**
9. **A mid-sized textile exporter includes only its direct operations (factories) in its materiality assessment, excluding its cotton supply chain and dyeing subcontractors. Which critical ESG assessment challenge does this represent?**
- a) Weak data quality control
 - b) Poor ESG marketing
 - c) **Inadequate boundary setting**
 - d) Misapplication of scoring thresholds
10. **A leading FMCG company integrates ESG materiality outcomes into their new product development process. Which benefit of materiality assessment is best illustrated here?**



- a) Stakeholder mapping
 - b) **Innovation and opportunity identification**
 - c) Operational risk tracking
 - d) Minimization of compliance penalties
11. A company includes 'employee mental health and well-being' in its ESG reporting after observing increased post-pandemic resignations. This change most likely reflects which type of materiality?
- a) Financial materiality
 - b) Regulatory materiality
 - c) Reputational materiality
 - d) **Impact materiality**
12. During the ESG materiality process, a business considers both how climate change could harm their operations and how their operations affect climate change. This dual approach is best defined as:
- a) Sectoral reporting
 - b) Risk calibration
 - c) Triple bottom line assessment
 - d) **Double materiality**
13. A mining firm assigns a low score to community relations in its ESG matrix despite stakeholder protests. The primary risk in this scenario is:
- a) Overemphasis on compliance over transparency
 - b) **Underrepresentation of stakeholder voice**
 - c) Misapplication of ESG assurance standards
 - d) Overextension of operational boundaries
14. Which of the following scenarios reflects an effective integration of ESG materiality insights into business governance?
- a) Material ESG topics are shared in annual townhalls with junior employees
 - b) ESG risks are discussed in informal boardroom conversations
 - c) **ESG KPIs are embedded in executive compensation metrics**
 - d) ESG reports are signed by external auditors



15. A financial services firm includes only Scope 1 and 2 emissions in its ESG disclosures, omitting Scope 3 financed emissions. What risk does this pose to the completeness of its materiality process?
- a) Cross-sector incompatibility
 - b) Regulatory exemption
 - c) **Incomplete value chain coverage**
 - d) Material misstatement of carbon data
16. A consumer electronics brand launches a major initiative on sustainable packaging following its materiality assessment. Which phase does this action represent?
- a) Stakeholder consultation
 - b) **Integration into strategy**
 - c) Define scope
 - d) Topic aggregation
17. If a company includes carbon emissions in its ESG disclosures because it is mandated by the EU CSRD, this topic qualifies as:
- a) Reputationally immaterial
 - b) Sector-specific immaterial
 - c) **Legislatively material**
 - d) Soft materiality
18. What makes materiality mapping a superior communication tool for ESG reporting compared to textual lists of topics?
- a) It avoids the need for public assurance
 - b) It simplifies the exclusion of low-scoring topics
 - c) **It visually highlights shared priorities between company and stakeholders**
 - d) It complies with tax reporting requirements
19. A tech firm uses public consultation, expert panels, and focus groups to gather views on ESG issues. This reflects which principle of materiality assessment?
- a) Financial impact maximization
 - b) **Stakeholder inclusiveness**



- c) Social capital efficiency
 - d) Legal accountability
20. A company's materiality matrix shows 'data privacy' as a top concern for stakeholders but low impact to the business. What should the company do?
- a) Downgrade it in the matrix
 - b) Prioritize based on financial thresholds only
 - c) Ignore it in ESG disclosures
 - d) **Address it through focused risk mitigation and communication**
21. Which of the following would most strengthen the reliability of a company's materiality assessment?
- a) Limiting material topics to 5–6 items
 - b) Outsourcing stakeholder interviews
 - c) **Using assured, externally validated data for impact evaluation**
 - d) Publishing results on the company intranet only
22. What is a common unintended risk of clustering ESG topics too broadly during the topic specification stage?
- a) Easier assurance
 - b) **Loss of nuanced insights**
 - c) Increased stakeholder participation
 - d) Easier compliance with ESRS
23. Which indicator would best reflect whether ESG materiality is truly embedded in day-to-day operations?
- a) ESG topics are listed in annual reports
 - b) **Sustainability roles exist in HR, procurement, and R&D teams**
 - c) ESG disclosure is outsourced to consultants
 - d) The company has signed the UN Global Compact
24. What is a primary reason why regular updates to the materiality matrix are critical?
- a) To meet quarterly investor calls
 - b) To respond to real-time competitor ESG scores



- c) To align with evolving stakeholder expectations and emerging risks
 - d) To align with historical financial disclosures
25. In applying the concept of double materiality, a food company considers both the climate impact on its crop yield and its farming practices' effect on local ecosystems. This approach supports:
- a) Carbon offsetting
 - b) Balanced scorecard evaluation
 - c) **Holistic risk and impact reporting**
 - d) Single materiality assessment

CASE STUDIES

Case Study 1-Realigning Priorities Through Materiality in ESG Report Preparation

GreenTextiles Ltd., a mid-sized textile exporter based in South India, was gearing up to publish its first integrated sustainability report. The management had initially focused on operational metrics such as energy consumption and waste disposal, assuming these were the most pressing ESG issues. However, upon engaging external consultants, they were advised to conduct a formal materiality assessment to better align reporting priorities with stakeholder concerns.

Through stakeholder mapping, the company identified key groups: factory employees, raw material suppliers, community leaders, international buyers, and environmental NGOs. Structured interviews and online surveys revealed a surprising insight—while the leadership believed energy use was the top concern, stakeholders were far more alarmed by water contamination from chemical dyes and poor water recycling practices.

Using a materiality matrix, GreenTextiles evaluated each topic based on its significance to stakeholders and potential impact on business. “Water management and chemical discharge” rose to the top-right quadrant—indicating high relevance across both dimensions. Although these issues had not resulted in direct financial penalties yet, they carried considerable reputational, legal, and social risks.

In response, the company invested in zero-liquid discharge systems and began sourcing low-impact dyes. This proactive approach enhanced their ESG ratings, reduced compliance risks, and improved supplier credibility. GreenTextiles' leadership realized that sustainability wasn't just about ticking boxes—it was a tool for strategic decision-making. The materiality assessment helped shift the organization's mindset from reactive compliance to forward-looking ESG leadership.

Multiple Choice Questions - Case Study 1



1. **A competing textile firm focuses purely on carbon emissions for ESG reporting, ignoring water usage. Based on GreenTextiles' materiality journey, what risk is the competitor most likely exposing itself to?**
 - a) Rising logistics costs
 - b) Supplier rejection from raw material vendors
 - c) **Reputational damage due to overlooking stakeholder priorities**
 - d) Delays in shipping schedules
2. **Suppose a new regulation mandates water recycling, and GreenTextiles had already implemented ZLD systems. What competitive advantage does this offer?**
 - a) Higher water bills
 - b) **Reduced compliance burden and faster certification**
 - c) Increased procurement delays
 - d) Lower textile quality due to recycled water
3. **If the sustainability team at GreenTextiles had excluded community NGOs during materiality mapping, what might have gone unnoticed?**
 - a) Factory wage policies
 - b) **Community health concerns from chemical discharge**
 - c) Electricity subsidy trends
 - d) Fluctuations in fashion trends
4. **After publishing their sustainability report, GreenTextiles receives stakeholder feedback that microplastic pollution is rising. What's the best response for their next materiality cycle?**
 - a) Ignore it unless profits are affected
 - b) **Include it as a new topic for reassessment and stakeholder discussion**
 - c) Remove water pollution from current priorities
 - d) Wait until global regulations are finalized
5. **A buyer asks why Green Textiles reports on issues not currently financially material. What should the company explain?**
 - a) These are branding decisions made by marketing
 - b) **ESG risks evolve slowly, so they don't matter yet**



- c) **Non-financial impacts today can lead to financial consequences tomorrow**
- d) These are legally required topics

Case Study 2- Embedding Materiality into Business Expansion Strategy of Infrastructure Company

NovaBuild, a fast-scaling infrastructure firm with projects across India, was preparing to expand into new territories, including semi-urban and ecologically sensitive zones. While the leadership team had traditionally focused on metrics such as project timelines, budget efficiency, and land acquisition, a growing number of community objections and delays in regulatory approvals signaled the need to revisit their non-financial risk exposure.

To get a clearer picture, NovaBuild launched a formal materiality assessment, engaging a diverse range of stakeholders—local panchayat members, construction workers, urban development consultants, investors, and environmental NGOs. Structured community consultations and stakeholder interviews surfaced major concerns: dust pollution affecting local air quality, noise from machinery near schools and hospitals, and inconsistent safety practices at construction sites.

The findings were mapped onto a materiality matrix. Issues like “worker safety” and “air and noise pollution” emerged as high priority due to their social impact and potential to delay project execution. Although these risks were not captured in financial spreadsheets, their long-term implications—such as project cancellations or reputational damage—were significant.

In response, NovaBuild developed a material issue response plan. This included real-time air quality monitoring, stricter noise regulations, and regular worker safety drills. These proactive measures not only restored trust among local stakeholders but also helped the firm obtain faster environmental clearances and secure funding from ESG-aligned investors. The case illustrates how materiality assessments, when used strategically, can bridge the gap between operational planning and long-term business resilience.

Multiple Choice Questions - Case Study 2

1. **NovaBuild faced local pushback due to construction-related dust and noise. If they had delayed stakeholder consultation until after project launch, what would have likely happened?**
 - a) Early investor enthusiasm
 - b) Fewer regulatory filings
 - c) **Delays and cost overruns due to public objections**
 - d) Reduced insurance costs.



2. **A rival construction company dismisses community noise complaints as ‘non-financial.’ Based on NovaBuild’s experience, what mistake are they making?**
 - a) Overestimating contractor loyalty
 - b) **Underestimating social license to operate**
 - c) Spending too much on HR policies
 - d) Misinterpreting climate change data
3. **NovaBuild’s stakeholder engagement resulted in air quality monitoring measures. What operational benefit did this create?**
 - a) Lower brick procurement costs
 - b) **Faster government environmental clearances**
 - c) Reduced cement usage
 - d) Automatic tax exemption
4. **An ESG investor asks how NovaBuild links stakeholder priorities to business performance. What should the company highlight?**
 - a) CSR donations to local schools
 - b) **Integrated planning that reduces risk and ensures project continuity**
 - c) Discounts from eco-friendly suppliers
 - d) Outsourcing their ESG report
5. **NovaBuild is reviewing their materiality topics for the next reporting cycle. Which action reflects best practice?**
 - a) Repeating last year’s matrix to save time
 - b) Including only senior leadership in the update
 - c) **Revalidating issues with diverse stakeholder input**
 - d) Outsourcing all decisions to a consultancy

Case Study 3-Developing an ESG Materiality Matrix at Harmony Hotels

In 2024, Harmony Hotels, a mid-sized luxury hotel chain across Southeast Asia, launched an ESG transformation initiative starting with the development of a materiality matrix. However, the process surfaced critical challenges that risked undermining the credibility and effectiveness of the entire ESG strategy.



A key issue was stakeholder misalignment. Internal teams focused on energy efficiency and digital privacy, while external stakeholders—such as investors, local communities, and NGOs—prioritized labor conditions, water management, and biodiversity impact near hotel sites. This disconnect highlighted a risk of misallocating ESG resources.

Additionally, fragmented data systems impeded accurate assessment. Guest surveys were outdated, employee feedback lacked structure, and supplier data was nonexistent. These limitations weakened the ability to map ESG risks and opportunities.

The company also faced regulatory blind spots, particularly in locations near ecologically sensitive zones. New environmental regulations related to water discharge and reef preservation were not captured in the preliminary analysis. Furthermore, board engagement was low, as directors viewed ESG as a compliance obligation rather than a business enabler.

To correct this, Harmony expanded its stakeholder engagement, including fresh consultations with employees, investors, regulators, and local NGOs. It adopted ESG software to centralize real-time data on energy, water, and emissions across properties. Scenario-based ESG workshops were held for board members to demonstrate long-term value creation through ESG leadership.

Finally, Harmony introduced a tiered and dynamic materiality matrix, categorizing issues as “Critical,” “Emerging,” or “Reputational” based on double materiality principles. The matrix was linked to the GRI Standards and India’s BRSR framework, enabling better ESG disclosures and strategy alignment.

The outcome was a credible, forward-looking ESG strategy, with improved data governance, stronger stakeholder trust, and clearer board accountability.

Multiple Choice Questions – Case Study 3

1. **Harmony Hotels used a dynamic materiality matrix to manage evolving ESG risks. Which of the following represents a critical reason for updating such a matrix annually in the hospitality sector?**
 - a) To rotate sustainability KPIs and avoid audit fatigue
 - b) To synchronize materiality issues with internal financial audit cycles
 - c) **To adapt ESG strategy to shifting stakeholder salience and context-specific operational risks**
 - d) To align quarterly investor calls with matrix changes
2. **Suppose Harmony Hotels expands to a new location near a culturally protected heritage site. Which of the following ESG governance failures could occur if the materiality matrix is not localized during expansion?**



- a) Overreporting immaterial issues related to global biodiversity
 - b) Breach of international emissions reporting under the GHG Protocol
 - c) **Failure to capture socio-cultural impact risks and obtain stakeholder legitimacy**
 - d) Misalignment with ISO 45001 health and safety requirements
3. **Harmony Hotels integrated ESG data software to support real-time monitoring. What is a strategic ESG advantage of this integration beyond compliance reporting?**
- a) It automates the prioritization of all SDG goals equally across locations
 - b) **It facilitates predictive analytics to anticipate sustainability hotspots and stakeholder backlash**
 - c) It bypasses the need for stakeholder engagement in emerging markets
 - d) It ensures uniformity of guest experience regardless of environmental constraints
4. **What is a potential consequence if Harmony Hotels' board continues to treat ESG as a compliance function rather than a strategic imperative?**
- a) The company may be required to delist from hospitality associations
 - b) ESG data assurance will no longer be accepted by regulatory bodies
 - c) **The firm risks ESG rating downgrades due to failure in integrating ESG into core business governance**
 - d) Only Scope 3 emissions will need to be externally validated
5. **During stakeholder mapping, Harmony Hotels identifies investors with high influence but low interest in biodiversity issues. According to stakeholder salience theory, how should this group be managed in the matrix development process?**
- a) **As dominant stakeholders—consulted on high-priority issues**
 - b) As latent stakeholders—minimally involved unless interest increases
 - c) As definitive stakeholders—driving all materiality decisions
 - d) As discretionary stakeholders—updated post-disclosure

Case Study 4-Applying AI to ESG Materiality Assessment

Aqua Pure Ltd., a major bottled water manufacturer operating in water-stressed regions of Asia and Africa, sought to modernize its ESG materiality assessment to respond to rising environmental activism, regulatory shifts, and investor scrutiny. Traditional methods—surveys,



interviews, and manual benchmarking—were too static and slow to capture rapidly evolving risks.

In 2024, the company implemented an **AI-driven materiality assessment framework** that used machine learning and sentiment analysis to process large-scale, unstructured data from news feeds, public reports, social media, and customer feedback platforms. The goal was to dynamically surface material ESG issues across different regions, operations, and stakeholder groups.

AI algorithms detected emerging concerns around groundwater depletion, microplastics, and plastic packaging waste. Sentiment analysis across social media and sustainability forums revealed increasing public frustration with single-use plastic, even in regions where regulations were still lagging. The AI engine also analyzed sustainability disclosures of peer companies and NGOs to identify topic frequency trends and stakeholder focus shifts.

Aqua Pure used this insight to build a **real-time, dynamic materiality matrix**, updating ESG priorities as issues evolved. AI helped cluster ESG concerns by geography, enabling local customization—such as water stewardship programs in high-risk zones or community engagement in regions with land-use conflicts.

The board used AI-generated dashboards to visualize materiality trends and make informed trade-offs between financial and ESG objectives. This allowed quicker strategic decisions—like investing in biodegradable packaging and shifting to circular economy models. The company reported a 45% reduction in ESG risk blind spots and significantly improved stakeholder alignment.

By embedding AI into the ESG process, Aqua Pure transitioned from reactive compliance to **proactive ESG intelligence**, making its materiality assessment both real-time and strategy driven.

Multiple Choice Questions – Case Study 4

1. **Aqua Pure’s AI engine processed real-time ESG content from multiple sources. What strategic risk would most likely arise if AI-extracted insights were not validated through stakeholder governance frameworks?**
 - a) The materiality matrix may exceed BRSR compliance thresholds
 - b) ESG disclosures may be misaligned with non-financial audit cycles
 - c) **The company may act on AI-derived insights that lack legitimacy or stakeholder salience**
 - d) Stakeholders may overestimate the financial cost of ESG implementation



2. **How did Aqua Pure's AI-driven clustering of ESG concerns by geography directly influence operational ESG strategy?**
 - a) Enabled consistent global ESG messaging across markets
 - b) **Enabled localized interventions such as region-specific water replenishment and waste strategies**
 - c) Supported automated facility-level emissions tracking
 - d) Allowed bypassing of local regulatory consultations
3. **In replacing manual benchmarking with AI-driven peer analysis, which strategic advantage did Aqua Pure most likely gain in ESG positioning?**
 - a) **Faster identification of evolving stakeholder expectations across the industry**
 - b) Automated alignment with all UN SDG indicators
 - c) Early detection of peer litigation risks
 - d) Reduction in ESG reporting cycles to quarterly updates
4. **Suppose AquaPure's AI model over-weights public social media sentiment in its ESG priority mapping. Which of the following is a potential risk of such a model bias?**
 - a) Increased board engagement due to real-time dashboards
 - b) **Underrepresentation of critical but less vocal stakeholder groups like indigenous communities**
 - c) Duplication of disclosures across ESG frameworks
 - d) Over-forecasting of physical climate risk
5. **AquaPure's AI dashboard enabled board-level ESG trade-off analysis. What is a core benefit of using AI in such board decisions, especially in high-impact sectors like bottled water?**
 - a) Automated capital allocation based on ESG ratings
 - b) Guaranteed ESG score improvement on external benchmarks
 - c) Delegation of all ESG decisions to AI systems
 - d) **Objective quantification of reputational risk vs. operational feasibility**

Case Study 5- Strategic Materiality Mapping for BRSR Compliance

VerdanTech Ltd., a publicly listed Indian electronics manufacturer, faced growing pressure from institutional investors and SEBI's BRSR mandate to strengthen its ESG reporting. While the



company had historically focused on compliance-based CSR activities, the 2023 requirement to file a comprehensive BRSR report pushed the board to integrate materiality more strategically.

Initially, VerdantTech treated materiality as a checklist, aligning disclosures mechanically with the BRSR's nine principles. However, during its first internal audit, several inconsistencies surfaced: employee welfare was rated low despite high attrition, and e-waste management was omitted even though multiple investor queries had highlighted the issue.

To correct course, VerdantTech engaged a cross-functional ESG committee and used the BRSR guidance to conduct a **double materiality assessment**—capturing both financial and impact materiality. AI-assisted text mining was applied to past investor calls, supplier contracts, and grievance data to identify recurring ESG themes.

The team categorized material issues under the three ESG pillars and linked them to BRSR Principles (e.g., energy intensity under Principle 6, labor grievance redressal under Principle 3). Stakeholder engagement was extended beyond top-tier clients to include suppliers, plant-level employees, and community representatives.

The revised materiality matrix reshaped disclosures and internal KPIs. Notably, e-waste and responsible sourcing were added to board dashboards, and water use intensity became a location-specific metric.

VerdantTech's improved BRSR report resulted in positive analyst coverage, ESG rating upgrades, and board-level approval of a sustainability-linked loan. The experience reinforced that materiality in BRSR is not just about compliance but about driving strategy through structured, stakeholder-informed decisions.

Multiple Choice Questions – Case Study 5

1. **VerdantTech's initial materiality mapping failed to highlight employee welfare despite high attrition. From a strategic reporting standpoint, what is the *most likely consequence* of such omission under BRSR?**
 - a) Lower ESG scores due to failure to report against SDG targets
 - b) **Stakeholder perception of greenwashing and erosion of trust**
 - c) Invalidation of the entire BRSR report by SEBI
 - d) Immediate requirement to restate all previous ESG data
2. **In applying double materiality under BRSR, VerdantTech included water use intensity as a location-specific metric. What does this decision reflect in terms of ESG governance maturity?**
 - a) Tactical adjustment to meet compliance thresholds
 - b) Operational efficiency without material impact



- c) **Advanced understanding of spatial materiality and localized risk management**
 - d) Passive alignment with international ESG scoring systems
3. **If VerdanTech had continued using a static materiality matrix without iterative updates, which BRSR-related strategic failure would most likely occur?**
- a) **Reporting on low-priority indicators while missing emerging stakeholder concerns**
 - b) Misclassification of business model under Section A
 - c) Overstating financial performance in ESG disclosures
 - d) Premature adoption of carbon trading mechanisms
4. **How does integrating AI tools (like text mining investor calls and grievances) advance VerdanTech's materiality alignment with BRSR beyond traditional methods?**
- a) By replacing all need for manual stakeholder consultation
 - b) **By converting qualitative stakeholder insights into structured, traceable inputs for decision-making**
 - c) By outsourcing ESG disclosures to third-party platforms
 - d) By replicating the GRI sector standards word-for-word
5. **VerdanTech's decision to map material ESG issues like e-waste and labor grievances to board-level dashboards had what *strategic implication* under BRSR?**
- a) It triggered an exemption from independent assurance
 - b) It removed the need for Section C in the BRSR report
 - c) It satisfied Principle 7 without stakeholder verification
 - d) **It converted ESG compliance into enterprise risk management and capital allocation strategy**

MODULE 9

ASSURANCE/ASSESSMENT IN SUSTAINABILITY REPORTING

Module 9 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 the disclosures.
- **Assurance or Assessment on BRSR Core:** Exploring the specific framework and requirements for assuring or assessing 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.
- **Standards: Understanding** assurance standards, providing a solid foundation for conducting credible assurance on the reported elements.

9.1 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 defined 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, transparency, 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 industry practices.
- Improved internal monitoring, control and reporting systems.

An organization that gets assurance on its sustainability information/report from an independent agency or professional, demonstrates greater commitment to sustainability.

9.2 VOLUNTARY AND MANDATORY “ASSURANCE” IN INDIAN CONTEXT?

Sustainability reporting Assurance being undertaken by companies in India are 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 and industry practice.

Mandatory Assurance or Assessment

SEBI in July 2023 vide its Circular SEBI/HO/CFD/CFD-SEC-2/P/CIR/2023/122 dated July 12, 2023 mandated reasonable assurance on BRSR Core indicators in a phased manner for Listed entities in India based on their market capitalization. Subsequently this was incorporated in Master Circular SEBI/HO/CFD/PoD2/CIR/P/0155 dated November 11, 2024. On March 28, 2025, the mentioned Master Circular was amended vide SEBI Circular SEBI/HO/CFD/CFD-PoD-1/P/CIR/2025/42 to replace reasonable assurance with “assurance or assessment”.

The link to the circulars is placed in <https://www.sebi.gov.in/legal/master-circulars/nov-2024/master-circular-for-compliance-with-the-provisions-of-the-securities-and-exchange-board-of-india-listing-obligations-and-disclosure-requirements-regulations-2015-by-listed-entities-88388.html> and <https://www.sebi.gov.in/legal/circulars/mar-2025/measures-to-facilitate-ease-of-doing-business-with-respect-to-framework-for-assurance-or-assessment-esg-disclosures-for-value-chain-and-introduction-of-voluntary-disclosure-on-green-credits-93102.html>.



The summary of requirements are as under:

- **Assurance or Assessment** on BRSR Core is mandated as per glide path for top 150 companies for FY 2023-24, top 250 for FY 2024-25, top 500 for FY 2025-26 and top 1000 by FY 2026-27. In order to facilitate the verification process for assurance or assessment, the BRSR Core specifies the data and approach for reporting and assurance or assessment. A list of indicators to be covered under BRSR Core assurance or assessment have been provided in **Annexure 17A** to SEBI's Master Circular SEBI/HO/CFD/PoD2/CIR/P/0155 dated November 11, 2024.
- 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 voluntary basis from FY 2025-26 and the assessment or assurance of the above shall be applicable on a voluntary basis from FY 2026-27.
- As per the SEBI Press Release dated December 18 2024, "Assessment" will be third-party assessment undertaken as per standards to be developed by the Industry Standards Forum (ISF) in consultation with SEBI.

9.3 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 (Revised) are umbrella standards that may be used for all assurance engagements on sustainability information. Generally, ISAE 3000 (Revised) is applied for assurance engagements other than audits or review of historic financial information.

In case there is subject matter information to which a specific assurance standard applies (e.g. GHG emissions), SSAE 3000/ISAE 3000 (Revised) will apply in addition to the subject matter specific standard (e.g. SAE 3410/ISAE 3410).

Standard by IAASB

Besides the above standards, IAASB has issued 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 serve as a comprehensive, stand-alone standard suitable for limited and reasonable sustainability assurance engagements. It applies to sustainability information reported across any sustainability topic and prepared under multiple frameworks.

<https://www.iaasb.org/publications/international-standard-sustainability-assurance-5000-general-requirements-sustainability-assurance>

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.
- ISSA 5000 is effective for assurance engagements on sustainability information reported for periods beginning on or after December 15, 2026 or as at a specific date on or after December 15, 2026, with earlier application is permitted.
- 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 substantially lower than in a reasonable assurance engagement, the procedures that 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.

- It is to be noted that ISAE 3410 for assurance on greenhouse gas statements has been subsumed into ISSA 5000 and is targeted to be withdrawn upon the effective date of ISSA 5000.

9.4 TYPES OF ASSURANCE

Two different levels of assurance could be provided by assurance providers for aspects or elements of 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	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 that the subject matter



	<p>identified suitable criteria.”</p> <p>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.</p>	<p>information is materially misstated.”</p> <p>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.</p>
Materiality	No difference as materiality is considered from intended users’ perspective	
Understanding the underlying subject matter and engagement circumstances	<p>Aimed at identifying and assessing the risks of material misstatement (i.e. at a granular level)</p> <p>Requires an understanding of the internal control over the preparation of the subject matter information.</p> <p>Includes evaluating design of controls and whether these are appropriately implemented (requires more than inquiry)</p>	<p>Sufficient to identify areas where a misstatement is likely to arise.</p> <p>Considers the process used to prepare the subject matter information</p>
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.



9.5 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 and/ or substantive testing.
- The completeness and accuracy of data, supported by a robust and appropriate evidence trail including reconciliation with the information/ data available in the financial system of the Companies, to the extent possible.
- Judgements including estimates 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 (where available) 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.

9.6 ETHICS AND INDEPENDENCE REQUIREMENTS

Assurance service providers shall always ensure that the relevant Ethics and Independence requirements are complied 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 (Revised):

- 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:
 - o Professional appointment;
 - o Conflicts of interest;
 - o Second opinions;
 - o Fees and other types of remuneration;
 - o Marketing professional services;
 - o Gifts and hospitality;
 - o Custody of client assets;
 - o Objectivity; and
 - o 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:
 - o Financial interests;
 - o Loans and guarantees;
 - o Business relationships;
 - o Family and personal relationships;
 - o Employment with assurance clients;
 - o Recent service with an assurance client;
 - o Serving as a director or officer of an assurance client;
 - o Long association of senior personnel with assurance clients;
 - o Provision of non-assurance services to assurance clients;



- o Fees (relative size, overdue, and contingent fees);
- o Gifts and hospitality; and
- o 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 <i>Greenhouse gas emissions may be measured in accordance with the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard</i>	Total Scope 1 emissions (Break-up of the GHG into CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , if available)	GHG (CO ₂ e) Emission in Mn MT / KT / MT Direct emissions from organization’s owned- or controlled sources	1. Absolute Fossil Fuel (Coal, Natural Gas, Diesel, FO etc.) Consumption (Mn MT / KT / MT / MM BTU etc.) 2. Emission Factor (GHG in CO ₂ e / Unit of Measure) - IPCC or Actual Testing from Accredited Test Lab 3. Quantity of Carbon Capture (Mn MT / KT / MT) 4. GHG emissions in CO ₂ equivalent by process (Non-Fuel Source) (Mn MT / KT / MT / MM BTU) 5. Fugitive emissions 6. Total Scope 1 GHG Emissions : Point 2 x Point 1 -	Principle 6, Question 7 of Essential Indicators



				Point 3 + Point 4 + Point 5	
		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
		GHG Emission Intensity (Scope 1 +2)	Total Scope 1 and Scope 2 emissions (MT) / Total Revenue from Operations adjusted for PPP	Total Emission (Scope 1 & 2) Total Revenue from Operations - From Audited P&L Statement PPP (USD / INR)	Principle 6, Question 7 of Essential Indicators
			Total Scope 1 and Scope 2 emissions (MT) / Total Output of Product or Services	Total Emission (Scope 1 & 2) as above Company & Sector Specific (i.e., No. of Vehicles Produced, MT of Material Produced, Data in Mn TB, No. of Seats / Travel	Principle 6, Question 7 of Essential Indicators



				Class, Room-nights etc.)	
2.	Water Footprint	Total water consumption	Mn Lt or KL	<p>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.</p> <p>If the entity cannot directly measure its water consumption, it may calculate this using the following:</p> <ol style="list-style-type: none"> 1. Input water flow meter logs (Calibrated Meters) 2. Output water flow meter logs 	Principle 6, Question 3 of Essential Indicators



				(Calibrated Meters) 3. Water consumption = Input Water - Output Water	
		Water consumption intensity	Mn Lt or KL / Rupee adjusted for PPP	Total water consumed Total Revenue from Operations (from audited P&L) PPP (USD / INR)	Principle 6, Question 3 of Essential Indicators
			Mn Lt or KL / Product or Service	Consumption as above 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	Untreated Water Primary Treatment (Removal of material that floats or settle out i.e. Filtration, Screening, Sedimentation etc.) Secondary Treatment (Removal of Dissolved organic Matter i.e. Oxidation, Digestion etc.) Tertiary Treatment (Disinfecting Water	Principle 6, Question 4 of Essential Indicators



				i.e. removal of pathogens, Phosphorous, Nitrogen etc.)	
3.	Energy Footprint	<p>Total energy consumed</p> <p>% of energy consumed from renewable sources</p>	<p>In Joules or multiples</p> <p>In % terms</p>	<p>Total energy consumption = non-renewable fuel consumed + renewable fuel consumed + purchased electricity, heating, cooling, steam + self-generated electricity, heating, cooling, steam</p> <p><i>(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)</i></p> <p>Energy consumed through renewable sources / total energy consumed</p>	<p>Principle 6, Question 1 of Essential Indicators</p>
		Energy intensity	Joules multiples/ Rupee	<p>Total energy consumed</p> <p>Total Revenue from</p>	<p>Principle 6, Question</p>



			adjusted for PPP	Operations (from audited P&L) PPP (USD / INR)	1 of Essential Indicators
			Joules or multiples/ Product or Service	Consumption as above 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	Kg / MT	Solids and liquid	Principle



		(C)		waste including its container and any intermediate product, which is generated during the diagnosis, treatment or immunization of human beings or animals or research activities as listed under Bio-medical waste management rules 2016 and amendments thereof	6, Question 9 of Essential Indicators
		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
		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	Total waste generated Total Revenue from Operations (from audited P&L)	Principle 6, Question 9 of Essential



				PPP (USD / INR)	Indicators	
			Kg or MT / Unit of Product or Service	Total waste generated 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 Intensity	Absolute quantity Kg of Waste Recycled Recovered/Total Waste generated <i>Disclosure may be provided if certificates from vendors have been relied upon for assurance of KPIs on waste management</i>	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	Amount of material in MT disposed through Incineration Amount of Material to Landfill Any other method Kg of Waste Recycled Recovered /Total Waste generated	Principle 6, Question 9 of Essential Indicators
5.	Enhancing Employee Wellbeing	Spending on measures towards well- being of	In % terms	To check sources including – Insurance Policies	Principle 3, Question	



	and Safety	employees and workers – cost incurred as a % of total revenue of the company		& Premium Paid Details Infant Care Policy Amount billed/invoices towards providing such facilities <i>(The following measures may be included – health insurance, accident insurance, maternity benefits, paternity benefits, day care facilities, health & safety measures including access to mental health)</i>	1(c) of Essential Indicators
		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)	Total number of lost time injuries Total No. of working hours 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	Principle 3, Question



				Factory Inspector	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 employees / workers Complaints on POSH upheld		Principle 5, Question 7 of Essential Indicators
7.	Enabling Inclusive Development	Input material sourced from following sources as % of total purchases – <i>Directly sourced from MSMEs/ small producers and from within India</i>	In % terms – As % of total purchases by value	self-explanatory ‘Input material’ - <i>includes all types of procurement such as raw material, spares, services, capex procurement items etc.</i>	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	In % terms – As % of total wage cost	Place of employment of employees /workers (Place to be categorised based on with RBI classification	Principle 8, Question 5 of Essential Indicators



		contract) as % of total wage cost		system on rural / semi-urban / urban / metropolitan)	
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	RPT audited by Financial Auditors (Refer Financial Audit Report) Financial statements / invoices	Principle 1, Question 9 of Essential Indicators
			Number of trading 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.

MULTIPLE CHOICE QUESTIONS

- 1- **Why companies obtain Assurance on sustainability information? (choose all the options that may apply)**
 - a) Increased recognition, transparency, trust, and credibility
 - b) Improved stakeholder communication
 - c) Improves accountability
 - d) Enhanced Quality of Disclosures – Accuracy, Clarity, Completeness, Comparability, Reliability, Materiality, etc.
 - e) Improved decision making by Stakeholders – Customers, Investors and Analysts, ESG/Sustainability themed indices (For example - Dow Jones Sustainability Index, proposed BRSR Index), Governments.
 - f) Improved Performance - Better inputs for management decision-making, opportunities to align with industry practices.
 - g) Improved internal monitoring, control and reporting systems.
 - h) **All of the above**
- 2- **What are the types of assurance obtained on sustainability information? (choose all the options that may apply)**
 - a) **Limited Assurance**
 - b) **Reasonable Assurance**



- c) 100% Assurance
 - d) Certification
3. **Assurance or Assessment is mandatory in India for following Companies in a phased manner: (choose any one option)**
- a) All Companies in India
 - b) **Top 1000 listed entities in India by market capitalisation**
 - c) All Listed Companies in India
 - d) Top 250 listed entities in India by market capitalization
4. **Reasonable Assurance is mandatory on BRSR Core KPIs for top 150 Companies in India. True or False**
- a) True
 - b) **False**
5. **It is mandatory for top 250 listed entities in India to report on BRSR Core KPIs for their Value Chain Partners for FY 2024-25. True or False**
- a) True
 - b) **False**
6. **Assurance or Assessment on entire BRSR is mandatory for top 1000 listed entities in India in a phased manner.**
- a) True
 - b) **False**
7. **Limited Assurance is mandatory for top 250 listed entities in India on BRSR Core KPIs reporting for their Value Chain Partners for FY 2025-26.**
- a) True
 - b) **False**
8. **Listed entities in India can either go for “assurance” or “assessment” on BRSR Core KPIs, where applicable.**
- a) **True**
 - b) False



9. Which Assurance Standard should be followed by an assurance provider for the BRSR Core? (choose all the options that may apply)
- a) Standard on Sustainability Assurance Engagements (SSAE) 3000
 - b) International Standard on Assurance Engagements (ISAE) 3000 (Revised) – Assurance Engagements Other than Audits or Reviews of Historical Financial Information
 - c) Any one of the above
10. Standard on Sustainability Assurance Engagements (SSAE) 3000, “Assurance Engagements on Sustainability Information” was issued by _____ (choose any one option)
- a) International Auditing and Assurance Standards Board (IAASB)
 - b) The Sustainability Reporting Standards Board (SRSB) of the Institute of Chartered Accountants of India (ICAI)
 - c) Securities and Exchange Board of India (SEBI)
 - d) Industry Standards Forum (ISF) in consultation with SEBI
11. Conclusion in the form of negative assurance that “*nothing has come to our attention to cause us to believe that the subject matter information is materially misstated.*” is provided in which type of assurance? (choose any one option)
- a) Limited Assurance
 - b) Reasonable Assurance
 - c) 100% Assurance
 - d) Certification
12. Conclusion in the form of positive assurance stating “*in our opinion, the subject matter conforms in all material respects with identified suitable criteria.*” is provided in which type of assurance? (choose any one option)
- a) Limited Assurance
 - b) Reasonable Assurance
 - c) 100% Assurance
 - d) Certification
13. Determination of Materiality in the context of sustainability information is not affected by the level of assurance i.e., reasonable assurance or limited assurance.
- a) True



- b) False
14. Assurance or assessment provider for BRSR Core KPIs can provide other consulting services to the listed entity to which the assurance is being provided.
- a) True
- b) False
15. Subsequent events related procedures are not required to be performed for assurance on sustainability information.
- a) True
- b) False
16. Letter of Representation from the management can be obtained a day after the issuance of limited assurance report on sustainability information.
- a) True
- b) False
17. Ethics and Independence requirements based on the reporting framework, are to be complied with for Sustainability Assurance.
- a) True
- b) False
18. What are the different categories of threats to independence as per ICAI Code of Ethics and International Ethics Standards Board for Accountants (IESBA) Code of Ethics for Professional Accountants? (choose all the options that may apply)
- a) Self interest
- b) Self review
- c) Advocacy
- d) Familiarity
- e) Intimidation
- f) All of the above
19. Undue dependence on total fees from the entity is which type of independence threat? (choose any one option)
- a) Self interest
- b) Self review
- c) Advocacy



- d) Familiarity
 - e) Intimidation
 - f) All of the above
 - g) None of the above
20. Which type of independence threat is arising when 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? (choose any one option)
- a) Self interest
 - b) Self review
 - c) Advocacy
 - d) **Familiarity**
 - e) Intimidation
 - f) All of the above
 - g) None of the above
21. Which type of independence threat is arising when the assurance provider is performing another service for the entity that directly affects the subject matter information, such as involvement in the quantification of the entity's information? (choose any one option)
- a) Self interest
 - b) **Self review**
 - c) Advocacy
 - d) Familiarity
 - e) Intimidation
 - f) All of the above
 - g) None of the above
22. Can the internal auditor of a listed entity or its group entities, be appointed as assurance provider for the BRSR Core? (choose any one option)
- a) Yes
 - b) **No**



- c) May be
23. Can the statutory auditor of a listed entity or its group entities, be appointed as assurance provider for the BRSR Core? (choose any one option)
- a) Yes
- b) No
- c) May be
24. How many attributes are covered under BRSR Core? (choose any one option)
- a) 14
- b) 9
- c) 21
- d) 43
25. The assurance provider for BRSR Core KPIs or sustainability information needs to be a Chartered Accountant.
- a) True
- b) False

CASE STUDIES

Case Study 1- Sustainability Assurance

ABC Ltd., a Fast-Moving Consumer Goods (FMCG) company based in North India, has been publishing its Business Responsibility and Sustainability Reporting (BRSR) for the past one year. As per the market capitalization report released by stock exchanges in January 2025, the Company is positioned at 248, placing it within the top 250 listed entities on Indian stock exchanges. As per market capitalization as of March 31, 2024, the Company's rank was 200.

Following the release of the SEBI circular on BRSR Core, ABC Ltd. evaluated its obligations for the financial year 2024-25. Initially, the company believed that obtaining assurance/assessment on select environmental indicators—specifically energy, emissions, and waste—would be sufficient, as these were considered the most material from a stakeholder perspective. However, upon engaging XYZ Ltd., a Chartered Accountant firm serving as the assurance provider, ABC Ltd. was informed that SEBI mandates assurance/assessment on all indicators specified under the BRSR Core framework, not just a select few for the listed entities in a phased manner. Recognizing this, ABC Ltd. revised its approach and proceeded to obtain assurance on the full set of BRSR Core Key Performance Indicators (KPIs). The assurance was conducted in accordance with SSAE 3000, for general non-financial sustainability data and



SAE 3410 specifically for greenhouse gas (GHG) emissions. The assurance report issued by XYZ Ltd. concluded with an assurance statement, “In our opinion, the subject matter conforms in all material respects with identified suitable criteria.” In addition to fulfilling the regulatory requirement, ABC Ltd. proactively sought voluntary assurance on other relevant BRSR indicators.

Multiple Choice Questions - Case Study 1

1. **Based on the ranking of the ABC Ltd, from which year is assurance/assessment on BRSR Core KPI's mandatory for the company?**

- a) FY 2023-24
- b) **FY 2024-25**
- c) FY 2025-26
- d) FY 2026-27

Explanation: As per the glide path specified in SEBI Master Circular SEBI/HO/CFD/PoD2/CIR/P/ 0155 dated November 11, 2024 (Master Circular) : companies ranked in the top 250 by market capitalization must obtain mandatory assurance/assessment on BRSR Core KPIs starting FY 2024–25.

Financial Year	Applicability of BRSR Core to top listed entities (by market capitalization)
2023 – 24	Top 150 listed entities
2024 – 25	Top 250 listed entities
2025 – 26	Top 500 listed entities
2026 – 27	Top 1000 listed entities

2. **XYZ Ltd., the assurance provider, provided an assurance report based on SSAE 3000 and SAE 3410. What other assurance standards could have been considered by the assurance provider?**

- a) International Standard on Assurance Engagements (ISAE) 3000 (Revised)
- b) ISAE 3410
- c) International Standard on Sustainability Assurance (ISSA) 5000
- d) **one or more of the above, as may be relevant/ applicable**

Explanation: The Master 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, International Standard



on Sustainability Assurance (ISSA) 5000 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.

With regard to assessment of BRSR Core, SEBI circular SEBI/HO/CFD/CFD-PoD-1/P/CIR/2025/42 dated March 28, 2025, inter-alia notes that the third-party assessment shall be undertaken as per the standards developed by the Industry Standards Forum (ISF) in consultation with SEBI.

3. Based on the wordings of the assurance report, what type of assurance is obtained by ABC Ltd?

- a) **Reasonable Assurance**
- b) Limited Assurance
- c) Voluntary Assurance
- d) Qualified opinion

Explanation: The phrase “*in our opinion, the subject matter conforms in all material respects...*” indicates **reasonable assurance**, which is expressed using positive language and provides a higher level of confidence than limited assurance.

4. State if the statement is True or False: Assurance on BRSR can be provided only by a Chartered Accountant?

- a) True
- b) **False**

Explanation: As per FAQs issued by SEBI on BRSR Core assurance “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.”

5. Can the Internal auditor for ABC Ltd., be appointed as the assurance provider for BRSR?

- a) **No**
- b) Yes



Explanation: As per FAQs issued by SEBI on BRSR Core assurance “the internal auditor of a listed entity or its group entities, cannot be appointed as the assurance provider for the BRSR Core.”

6. What benefit does voluntary assurance on non-Core KPIs provide to a company like ABC Ltd.?

- a) It satisfies regulatory authorities
- b) It reduces the need for internal audits
- c) **It enhances transparency and stakeholder confidence**
- d) It replaces mandatory BRSR compliance

Explanation: Voluntary assurance on additional ESG disclosures shows commitment to transparency and builds greater trust among stakeholders, even though it is not mandated by SEBI.

Case Study 2

Identified Sustainability Information is summarized by the Assurance provider in the Assurance Report

Identified Sustainability Information

The Identified Sustainability Information for the financial year ended March 31, 2024, is as summarised in Appendix 1 to this report.

Our reasonable assurance engagement was with respect to the financial year ended March 31, 2024 information only and we have not performed any procedures with respect to prior periods or any other elements included in the BRSR [other than those listed as BRSR Core Key Performance Indicators (“KPIs”) in Appendix 1] and, therefore, do not express any opinion thereon.

Source: <https://www.hdfcbank.com/content/bbp/repositories/723fb80a-2dde-42a3-9793-7ae1be57c87f/?path=/Footer/About%20Us/Investor%20Relation/annual%20reports/pdf/2024/july/HDFC-Bank-IAR-FY24.pdf>

Case Study 3

Reporting Criteria is mentioned by the Assurance provider in the Assurance Report

3. Criteria

The Criteria used by the Company to prepare the Identified Sustainability Information is as under:

- Regulation 34(2)(f) of the Securities and Exchange Board of India (the “SEBI”) (Listing Obligations and Disclosure Requirements), Regulations, 2015 as amended;
- Business Responsibility and Sustainability Reporting Requirements for listed entities per Master Circular No. SEBI/HO/CFD/PoD2/CIR/P/2023/120 dated July 11, 2023; and
- SEBI Circular SEBI/HO/CFD/CFD-SEC-2/P/CIR/2023/122 dated July 12, 2023 and clarifications thereto issued by SEBI.



Source: <https://www.infosys.com/investors/reports-filings/annual-report/annual/documents/2023-24/business-responsibility-and-sustainability-report.pdf>

Case Study 4

Assurance Standards are specified by the Assurance provider in the Assurance Report

7. Our Responsibility

Our responsibility is to express a reasonable assurance opinion on the Identified Sustainability Information listed in Appendix I based on the procedures we have performed and evidence we have obtained.

We conducted our engagement in accordance with the Standard on Sustainability Assurance Engagements (SSAE) 3000, "Assurance Engagements on Sustainability Information", and Standard on Assurance Engagements (SAE) 3410 "Assurance Engagements on Greenhouse Gas Statements" (together the "Standards"), both issued by the Sustainability Reporting Standards Board (the "SRSB") of the ICAI.

These Standards require that we plan and perform our engagement to obtain reasonable assurance about whether the Identified Sustainability Information listed in Appendix I and included in the Report are prepared, in all material respects, in accordance with the Criteria.

As part of reasonable assurance engagement in accordance with the Standards, we exercise professional judgment and maintain professional skepticism throughout the engagement.

Source: <https://www.infosys.com/investors/reports-filings/annual-report/annual/documents/2023-24/business-responsibility-and-sustainability-report.pdf>

Case Study 5

Example of Limited Assurance conclusion

Limited assurance conclusion

Based on the procedures performed and evidence obtained, nothing has come to our attention to cause us to believe that the HUL Group's Identified Sustainability

Information in the Business Responsibility and Sustainability Reporting section (which are not part of the BRSR Core) relating to disclosures in the BRSR Report for the period from 1st April, 2023 to 31st March, 2024, subject to limited assurance is not prepared, in all material respects, in accordance with the Regulation 34(2)(f) of the Securities and Exchange Board of India (SEBI) Listing Obligations and Disclosure Requirements (SEBI LODR).

Source: https://hul-performance-highlights.hul.co.in/performance-highlights-fy-2023-2024/brsr/HUL_2023-2024_BRSR.pdf

Case Study 6

Example of Reasonable Assurance opinion

Opinion

Based on the procedures performed and the evidence obtained, the Bank's Identified Sustainability Information summarised in Appendix 1 to this report and included in the Integrated Annual Report, which includes the BRSR, for the financial year ended March 31, 2024, are prepared, in all material respects, in accordance with the Criteria.



Source: https://www.kotak.com/content/dam/Kotak/investor-relation/governance/governance-sebi-tab/2024/Intimation-of-Schedule-of-Analyst-Institutional-Investor-Meeting-sep-12-24/SE_Int_BRSR_signed.pdf

MODULE 10

SOCIAL STOCK EXCHANGE AND SOCIAL IMPACT ASSESSMENT STANDARDS

This module explores a major shift in how we think about financing impact. It introduces the Social Stock Exchange (SSE)—India’s bold attempt to bridge the gap between capital markets and the social sector—and unpacks the regulatory framework, funding mechanisms, and compliance requirements that come with it. But it doesn’t stop there. The module also walks you through Social Impact Assessment Standards, the benchmarks that ensure transparency, credibility, and accountability in impact assessments.

In short, this module connects the ‘what’ of impact finance with the ‘how’ of demonstrating impact—laying the groundwork for a more responsible and evidence-based approach to social enterprise.

Key Elements:

- **Understanding the Social Stock Exchange:** Learn how SSE functions as a regulated fundraising platform for both Not-for-Profit and For-Profit Social Enterprises, and what makes it different from traditional exchanges.
- **Eligibility and Registration Requirements:** Dive into the qualifying criteria for NPOs and FPOs, including operational history, financial thresholds, compliance with SEBI regulations, and the role of Social Impact Assessors.
- **Instruments for Fundraising:** Explore financing options like Zero Coupon Zero Principal (ZCZP) instruments and mutual fund-based donation models, and how they’re designed to unlock capital for social good.
- **The Role of Stakeholders:** Understand the ecosystem around SSE—from market institutions and investors to regulators, repositories, and the primary beneficiaries.
- **Social Impact Assessment Standards (SASs):** Grasp the principles and processes behind independent impact assessment engagements. Learn what Social Impact Assessors do, what SASs cover, and why following them is mandatory for SSE-listed entities.
- **Theory of Change and Impact Evaluation:** See how frameworks like TOC are used to evaluate social programs and validate results in line with SDGs and national priorities.
- **Case for Credibility and Transparency:** Discover how structured reporting, standardized metrics, and third-party assessments help social enterprises earn trust and access sustained funding.



10.1 SOCIAL STOCK EXCHANGE

10.1.1 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.

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 Impact Assessment 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.

10.1.2 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.

10.1.3 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

***Impact Assessor**” means an individual registered with a self-regulatory organization under the Institute of Chartered Accountants of India, ICSI, ICMAI 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.

“Impact Assessment Firm” means any entity which has employed Impact Assessors and has a track record of minimum three years for conducting impact assessment.

“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 statute 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).

“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).

10.1.4 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;
 - (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.

(Such evidence must be supported by financial statements, program records, or social impact reports.)

(d) Entities Not Eligible for Recognition as Social Enterprises

The following types of organizations are not eligible:

- Corporate foundations;
- Political or religious organizations;
- Professional or trade associations;
- Infrastructure or housing companies (other than those engaged in affordable housing).

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.*

10.1.5 Eligibility criterion of NPO for registration on Social Stock Exchange:

In order to register on the Social Stock Exchange (SSE), a Not-for-Profit Organization (NPO) must satisfy certain eligibility criteria as prescribed by:

- SEBI (ICDR) Regulations,
- SEBI Circular SEBI/HO/CFD/PoD-1/P/CIR/2022/120 dated September 19, 2022,
- Updated guidelines.

A. Eligible Entity Types:

The NPO must be registered in India as any one of the following:

- a charitable trust registered under the Indian Trusts Act, 1882;
- a charitable trust registered under the public trust statute 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 SEBI.



B. Other Mandatory Requirements

The NPO must fulfill the following conditions at the time of applying for registration on SSE:

Parameter	Eligibility Requirement
Valid Registration	Registration certificate valid for at least 12 months from the date of application.
Minimum Operational History	At least 3 years of operations since registration.
Income Tax Registration	Must have registration under Section 12A/12AA/12AB of the Income Tax Act, 1961. Must have validity of at least 12 months beyond the date of application.
80G Registration (Recommended but not mandatory)	Registration under Section 80G of the Income Tax Act, to allow donors to claim tax deductions.
Minimum Annual Spending	Minimum ₹50 lakh spent in the immediately preceding financial year.
Minimum Annual Funding	Minimum ₹10 lakh received as funding in the immediately preceding financial year.
PAN	Must have a valid Permanent Account Number (PAN).
No Adverse Scrutiny	Should not have any ongoing adverse proceedings with the Income Tax Department or any statutory authority at the time of application.

10.1.6 *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 Impact Assessor:** certified professionals responsible for conducting independent Impact Assessments of Social Enterprises (earlier called Social Auditor).



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 include stock exchanges, clearing corporations and depositories.

6. Regulator and SRO: SEBI is the regulator of Social Stock Exchanges. A Social Impact Assessor 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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10.1.7 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

10.1.8 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.

10.1.9 *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 statute of the relevant state; b. a charitable trust registered under the Societies Registration Act, 1860



		<p>c. a charitable trust registered under the Indian Trusts Act, 1882</p> <p>d. a Company incorporated under Section 8 of the Companies Act, 2013.</p>
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
Minimum Fund Flows		
Annual Spending in the past financial year	Receipts or Payments from Audited accounts/ Fund Flow Statement	Must be at least Rs. 50 lakhs
Funding in the past financial year	Receipts from Audited accounts/ Fund Flow Statement	Must be at least Rs. 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.

10.1.10 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.

Criteria	Requirement
Issuer	Only NPOs registered with SSE can issue ZCZP instruments.
Purpose	Must be for a specific project or activity aligned with SSE-approved thematic areas.
Form	Issued only in dematerialized form.
Minimum Issue Size	₹50 lakh
Minimum Application Size	₹1,000 (as per SEBI Circular, March 19, 2025) Earlier it was 10,000.



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 NPO shall 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 these documents.

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 *Rs. 50 Lakhs
3. The minimum application size shall be *Rs. 1,000 as per SEBI Circular SEBI/HO/CFD/PoD-1/P/CIR/2025/33 dated March 19, 2025 (earlier ₹10,000).
4. The minimum subscription required to be achieved shall be 75% of the funds proposed to be raised through the 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 an 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.

Key Developments in India's Social Stock Exchange (SSE)

To enhance transparency, participation, and effectiveness in the SSE ecosystem, SEBI and market institutions have introduced the following key updates:



1. Reduction in Minimum Application Size

- Minimum application size for investing in Zero Coupon Zero Principal (ZCZP) Instruments has been reduced from ₹10,000 to ₹1,000.
- This move aims to encourage wider retail participation in SSE offerings.

2. Broker Platform Enablement

- Registered brokers are integrating ZCZP access into their platforms.
- Investors with Demat accounts will soon be able to apply for ZCZP instruments directly through these brokers.
- This initiative simplifies the transaction process and supports broader outreach.

3. Tax Benefits Under Section 80G

- Donations made via ZCZP instruments are eligible for tax deduction under Section 80G of the Income Tax Act, 1961, *provided the recipient NPO holds a valid 80G certificate.*

4. Capacity Building Fund (CBF)

- A dedicated fund with an initial corpus of ₹10 crore has been established to:
 - Build NPO capacity to use SSE effectively
 - Promote awareness among investors and the public
- **Contributors:** NSE, BSE, NABARD, SIDBI

5. Mutual Fund-Based Donation Models

- SEBI permits Mutual Funds to facilitate donations toward SSE-listed NPOs via designated schemes.
- Donors may opt to donate redemptions or returns to NPOs through these platforms.
- This model is in early stages of adoption and evolving.

6. Mandatory Annual Impact Reporting

- NPOs listed on SSE must submit an **Annual Impact Report (AIR)** outlining:
 - Social objectives achieved
 - Utilization of funds
 - Beneficiary outcomes
- The report must be verified by a certified Social Impact Assessor.



7. Strengthened Governance Framework

- SSEs are expected to constitute a Social Stock Exchange Governing Council (SGC) comprising:
 - Representatives from philanthropic institutions, regulators, NPOs, and investors.
- The SGC is tasked with oversight, grievance resolution, and promoting ethical standards.
- ❖ As of April 2025, the Social Stock Exchange (SSE) at NSE has registered over 90 Not-for-Profit Organizations (NPOs), with more than 10 having successfully listed fundraising instruments. Collectively, these NPOs have raised over ₹40 crore through the platform.

For the latest updates, visit: <https://www.nseindia.com/sse>; <https://www.bsesocialstockexchange.com/>

❖ Key References:

- SEBI ICDR Regulations, 2018 (Reg. 292K)
- SEBI Circular SEBI/HO/CFD/PoD-1/P/CIR/2022/120 – Sept 19, 2022
- SEBI Board Meeting Press Release – Nov 2023
- SEBI Circular – March 19, 2025 (minimum application size reduced to Rs. 1,000 from Rs. 10,000)

10.2 SOCIAL IMPACT ASSESSMENT STANDARDS

10.2.1 Concept of Social Impact Assessment Standards

Social Impact Assessment Standards are a set of **guidelines and principles** that define **how to conduct a Social Impact Assessment** in a **comprehensive, independent, and transparent manner**. These standards aim to ensure that Social Impact Assessments (now referred to as social impact assessments) are **reliable, credible, and consistent** across different organizations and contexts.

Key elements of Social Impact Assessment Standards:

- **Planning and conducting the audit/Assessment:** These standards outline the required steps for planning and conducting a social impact assessment, including defining the scope of the audit/assessment, developing an assessment methodology, and selecting qualified Social Impact Assessors.
- **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 impact assessment report, including the methodology used, key findings, and recommendations for improvement.
- **Ethical considerations:** Social Impact Assessment Standards address ethical considerations involved in conducting the assessment, such as maintaining confidentiality, avoiding conflicts of interest, and respecting the rights of stakeholders.

Benefits of using Social Impact Assessment standards:

- **Enhances credibility and transparency:** By following established standards, the social impact assessment becomes more reliable and trustworthy for stakeholders.
- **Provides a consistent framework:** Standards offer a standardized approach, ensuring consistency in conducting Social Impact Assessment across different organizations.
- **Improves the quality of Social Impact Assessments/ impact assessments:** Standards help ensure that Social Impact Assessment are comprehensive and address all relevant aspects of the organization's social impact.

Note: The SEBI Board, in its November 2023 meeting, approved the nomenclature change from “Social Auditor” to “Social Impact Assessor.” Accordingly, the process is now referred to as “Social Impact Assessment” instead of “Social Audit.”

10.2.2 Scope of Social Impact Assessment Standards (SASs)

- The SASs applies whenever an independent Social Impact Assessment 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 impact assessors, 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.

10.2.3 Compliance with Social Impact Assessment Standards (SASs)

Given the importance of transparency and accountability in social enterprises, Social Impact Assessors have a critical role to play in ensuring compliance with the Social Impact Assessment Standards (SASs) during assessments. If for any reason a Social Impact Assessors is not able to perform a social impact assessment in accordance with the SASs, his report should draw attention to the material departures therefrom.



Further, compliance with SASs is mandatory requirements for social impact assessors while carrying out social impact assessments for social enterprises listed on the social stock exchange.

- (a) **Mandatory Requirement:** SAS compliance is obligatory for all social impact assessments 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 Impact Assessors are obligated to meticulously follow the guidance outlined in SAS throughout the assessment process. This includes adhering to standardized procedures, methodologies, and reporting formats prescribed by the standard.
- (c) **Reporting Material Departures:** In instances where a social impact assessor encounters challenges in conducting a social impact assessment in strict accordance with SAS, it is imperative to transparently disclose any material departures from the standard in the impact assessment report. This ensures that stakeholders are informed about deviations and their potential implications on the assessment findings.
- (d) **Commencement of SAS Compliance:** Social Impact Assessors are expected to apply SAS guidelines in all social impact assessments commencing on or after the effective date specified in the standard. This ensures a consistent and systematic approach to impact assessment across different organizations and sectors.

10.2.4 List of Social Impact Assessment Standards (SASs)

Here are the 16 SASs that social impact assessor should use for social impact assessment engagements, addressing the thematic areas of impact reporting:

- **SAS 100: Eradicating hunger, poverty, malnutrition and inequality;**

*The Standard aims to provide the Social impact assessor with the necessary guidance in relation to independent impact assessment engagement of Social Enterprises engaged in eradicating hunger, poverty, malnutrition and inequality and the assessment steps and procedures that should be applied while conducting the 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.



Note: Assessment may cover flagship schemes like Poshan Abhiyan, PM-GKAY, and ICDS. Focus should be on SDG-linked outcomes, digital tracking, and inclusion of disadvantaged groups.

- **SAS 200: Promoting health care (including mental health) and sanitation; and making available safe drinking water**

*The Standard aims to provide the Social impact assessor 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 assessment steps and procedures that should be applied while conducting the 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.

Note: Assessments may align with schemes like Ayushman Bharat, Swachh Bharat Mission, and Jal Jeevan Mission. Key metrics include health and WASH outcomes and access to mental healthcare.

- **SAS 300: Promoting education, employability and livelihoods**

*The Standard aims to provide the Social Impact Assessor with the necessary guidance on an independent impact assessment engagement of Social Enterprises engaged in promoting education, employability, and livelihoods and the assessment steps and procedures that should be applied while conducting the 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.

Note: Assessments may include initiatives under Samagra Shiksha, Skill India, or MGNREGA. Outcomes should reflect learning, employment, and inclusion of marginalised groups.



- **SAS 400: Promoting gender equality, empowerment of Women and LGBTQIA+ communities**

*The Standard aims to provide the Social Impact Assessment 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 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.

- **SAS 500: Ensuring environmental sustainability, addressing climate change including mitigation and adaptation, forest and wildlife conservation**

*The Standard aims to provide the Social Impact Assessor 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 assessment steps and procedures that should be applied while conducting the 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.

Note: Assessments may include interventions aligned with National Action Plan on Climate Change (NAPCC), state-level climate missions, and carbon neutrality initiatives. Outcome indicators should include GHG emissions, resource efficiency, and biodiversity impact where applicable.

- **SAS 600: Protection of national heritage, art and culture**

*The Standard aims to provide the Social Impact Assessor with the necessary guidance about independent impact assessment engagement of Social Enterprises engaged in protection of national heritage, art and culture and the assessment steps and procedures that should be applied while conducting the 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 Impact Assessor 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 assessment steps and procedures that should be applied while conducting the 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 Impact Assessor 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 assessment steps and procedures that should be applied while conducting the 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.

Note: *Assessment may consider scale-readiness, innovation outcomes, and public-private collaborations. Linkages with Atal Innovation Mission, DST-supported incubators, or social-tech accelerators may also be relevant.*

- **SAS 900: Supporting other platforms that strengthen the non-profit ecosystem in fundraising and capacity building**

*The Standard aims to provide the Social Impact Assessor 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 assessment steps and procedures that should be applied while conducting the 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.

Note: Assessment may consider digital platforms, donor engagement models, and tech-driven capacity building. Ecosystem partnerships and platform impact metrics may be included where applicable.

- **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 Impact Assessor 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 assessment steps and procedures that should be applied while conducting the 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.

Note: Assessment may consider linkages with FPOs, livelihood missions (DAY-NRLM, NULM), and digital agri-models. Focus should include income enhancement, resilience, and access to sustainable markets.

- **SAS 1100: Slum area development, affordable housing, and other interventions to build sustainable and resilient cities**

*The Standard aims to provide the Social Impact Assessor 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 assessment 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.

Note: Assessment may refer to schemes like PMAY, AMRUT, and Smart Cities Mission. Outcome indicators may include housing security, access to basic services, and urban resilience.



- **SAS 1200: Disaster management, including relief, rehabilitation and reconstruction activities**

*The Standard aims to provide the Social Impact Assessor with the necessary guidance about independent impact assessment engagement of Social Enterprises engaged in disaster management including relief, rehabilitation and reconstruction activities and the assessment steps and procedures that should be applied while conducting the 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.

Note: *Assessment may consider disaster preparedness, resilient infrastructure, and alignment with NDMA/SDMA and the Sendai Framework for Disaster Risk Reduction.*

- **SAS 1300: Promotion of financial inclusion**

*The Standard aims to provide the Social Impact Assessor 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 assessment steps and procedures that should be applied while conducting the 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.

Note: *Assessment may consider digital inclusion models (e.g., UPI, Aadhaar-linked services), financial literacy initiatives, and linkages with Jan Dhan and DBT platforms.*

- **SAS 1400: Facilitating access to land and property assets for disadvantaged communities**

*The Standard aims to provide the Social Impact Assessor 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 assessment steps and procedures that should be applied while conducting the 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.

Note: *Assessment may consider access to property records, land titling support, and linkages with schemes such as SVAMITVA, PMAY-Gramin, and the Forest Rights Act.*



- **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 Impact Assessor 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 assessment steps and procedures that should be applied while conducting the 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.

Note: Assessment may include initiatives under Digital India, access to digital public infrastructure (e.g., Aadhaar, DigiLocker), and indicators related to digital literacy, online safety, and equitable data access.

- **SAS 1600: Promoting welfare of migrants and displaced persons**

*The Standard aims to provide the Social Impact Assessor with the necessary guidance about independent impact assessment engagement of Social Enterprises engaged in promoting welfare of migrants and displaced persons and the assessment steps and procedures that should be applied while conducting the assessment. The Standard sets out the minimum requirements to be followed while conducting impact assessment.

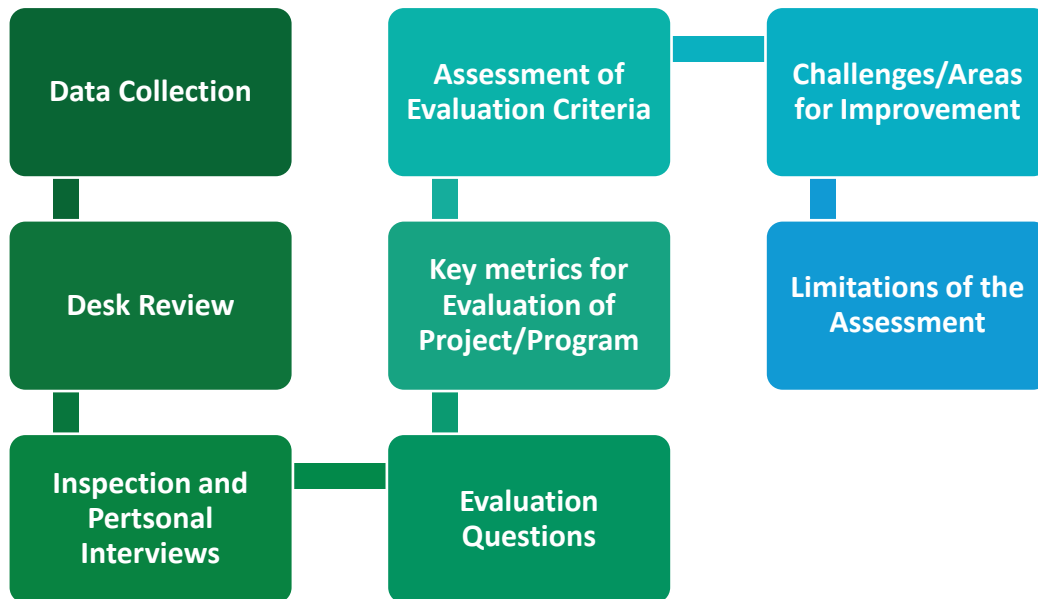
The standard shall be applicable to Social Enterprises undertaking welfare activities for local migrants by providing opportunities and in turn reducing the economic inequalities.

Note: Assessment may include initiatives under Digital India, access to digital public infrastructure (e.g., Aadhaar, DigiLocker), and indicators related to digital literacy, online safety, and equitable data access.

*Compendium of Social Impact Assessment 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>



10.2.5 Process of Undertaking Social Impact Assessment as per Standards (SASs)



For undertaking the Social Impact Assessment as per Social Impact Assessment Standards, a social Impact Assessor 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 the Social Impact Assessor while planning data collection are:

- ✓ Assumptions & limitations of the data collection
- ✓ Listing of data requirements and documents required for the assessment
- ✓ 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:** Published research, evaluation reports, policy documents, official datasets, and independent studies.

Data Collection Methods

- ✓ Observation
 - ✓ Interview method (structured interviews and unstructured interviews)
 - ✓ Focused group discussions
 - ✓ online surveys, virtual interviews, technology-assisted tools such as GPS tagging, mobile-based survey apps, or satellite imagery (where relevant).
- b. **Desk Review-** The Social Impact Assessor 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 Impact Assessment should also consider conducting physical inspection and personal interviews to get a first-hand assessment of impact.
- d. **Evaluation Questions-** The social Impact Assessor 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 Impact Assessment in forming his views on various aspects.
- e. **Key Metrics for Evaluation of Project/Program-** The Social Impact Assessor 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 Impact Assessor 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 Impact Assessor 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 Impact Assessment in the Social Impact Assessment report.

- h. Limitations of the assessment-** The Social Impact Assessor 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 Impact Assessor in the impact assessment report.

10.3 SAS FRAMEWORK

SAS Framework defines and describes the elements and objectives of a Social Impact Assessment performed by social impact assessors. It provides a frame of reference for:

- Social Impact Assessor when performing Social Impact Assessment i.e., social impact assessment of project/ program executed by social enterprises.
- The responsible party, the engaging party, if any, and other stakeholders who are the intended users of social impact assessment report.

10.3.1 Scope of SAS Framework

This Framework applies to social impact assessment to be conducted by social Impact Assessors using the principles given in SASs. This Framework may also be applied to any other engagement(s) conducted by a social Impact Assessor or any other similar assignment. However statutory audit, internal audit, tax audit will not be under the scope of this Framework.

10.3.2 Elements of a Social Impact Assessment Engagement



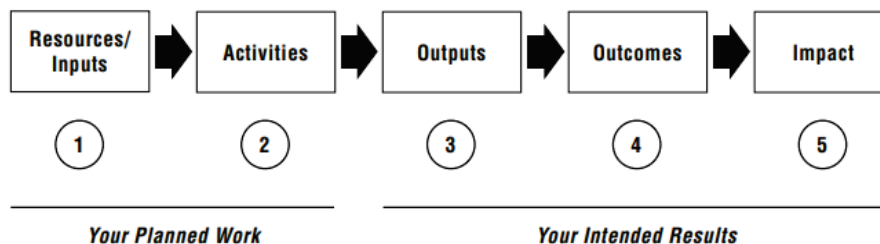
There are five elements of a **Social Impact Assessment** engagement which are:

- A three-party relationship** involving a social Impact Assessor, a responsible party, and intended users; -



- **Social Impact Assessor** 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 Impact Assessor (the engaging party).
 - **Intended Users** are the person, persons or class of persons for whom the social Impact Assessor prepares the Social Impact Assessment report. The responsible party can be one of the intended users, but not the only one.
2. **Project/ Program/ Intervention** to be covered- impact assessment engagement is to conduct assessment 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 Impact Assessment understanding of the projects and its nuances, identify key evaluation parameters, thematic areas of intervention and the benefits rendered to the community.



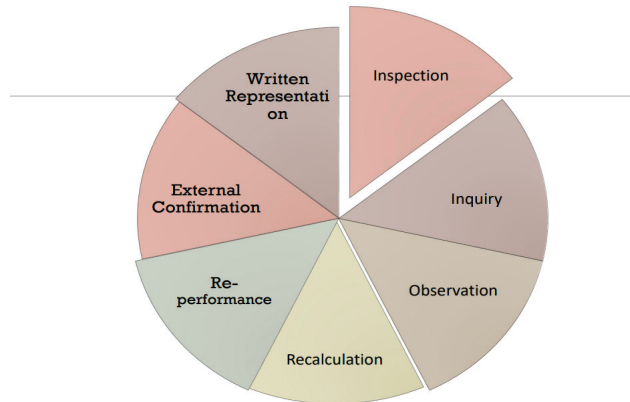
4. **Evidence-** The social Impact Assessor plans and performs an impact assessment with an attitude of professional scepticism to obtain sufficient appropriate evidence of the implementation of the social program in the field. An attitude of **professional**



skepticism means the social Impact Assessor 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 Impact Assessor 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 Impact Assessment provides a written impact assessment report containing the findings from the assessment in terms of impact created and gaps, if any.

Format of Impact Assessment Report:

To (Appropriate Addressee)

Section I

Context

- About the project
- Responsibilities of responsible party and Impact Assessor



- Conformance to Framework for Social Impact Assessment Standards, applicable Social Impact Assessment Standards and Code of Conduct for Impact Assessor issued by the Self-Regulatory Organization (SRO)

Section II

- ✓ Scope of the impact assessment
- ✓ Overall Approach & Methodology used, including Sampling, Data collection and Limitations, if any:

Section III

- ✓ Key Findings from the assessment 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 impact assessment 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)

MULTIPLE CHOICE QUESTIONS

1. NPOs must file an Annual Impact Report with:

- A. Ministry of Finance
- B. Registrar of Companies
- C. **SSE**
- D. Income Tax Department

2. Thematic focus under SSE does not include:

- A. Disaster management
- B. **Real estate development**
- C. Education promotion
- D. Healthcare access



3. Which organization is not among contributors to the Capacity Building Fund?
 - A. NABARD
 - B. SIDBI
 - C. NSE
 - D. **RBI**
4. As of April 2025, how many NPOs were registered with NSE's SSE segment?
 - A. Less than 20
 - B. **Over 80**
 - C. Around 50
 - D. Over 200
5. Which of the following platforms has not yet listed SSE segment?
 - A. NSE
 - B. BSE
 - C. **MCX**
 - D. Both A and B
6. Mutual Fund-based donation models allow:
 - A. Capital gain reinvestment
 - B. **Donors to donate redemptions**
 - C. SIP through SSE
 - D. Tax refunds on returns
7. Which document includes the social intent and disclosures for NPO fundraising?
 - A. `Red Herring Prospectus
 - B. White Paper
 - C. **Fundraising Document**
 - D. Offer Letter
8. SSE segment for NPOs allows issuance of which of the following securities?
 - A. Equity Shares
 - B. Compulsory Convertible Debentures



- C. **ZCZP Instruments**
 - D. Warrants
9. What is the minimum subscription required for ZCZP issue?
- A. **90%**
 - B. 75%
 - C. 50%
 - D. 100%
10. What is the maximum return expected from ZCZP instruments by investors?
- A. 8% p.a.
 - B. Capital Appreciation
 - C. **Zero Return**
 - D. Inflation-adjusted return
11. What does SGC stand for in the context of SSE?
- A. Stock Growth Commission
 - B. **Social Governance Committee**
 - C. Structured Growth Committee
 - D. Social Stock Exchange Governing Council
12. What does the SAS Framework primarily define?
- A. Financial reporting deadlines
 - B. Environmental impact protocols
 - C. **Elements and objectives of a Social Impact Assessment**
 - D. SEBI's quarterly compliance
13. Who qualifies to conduct a Social Impact Assessment under SASs?
- A. Any freelance CSR analyst
 - B. **SRO-registered individual with NISM certificate**
 - C. NGO worker
 - D. Internal finance team



14. Which of the following is considered primary data in Social Impact Assessment?
- A. Financial audit report
 - B. **Beneficiary interviews**
 - C. Income tax returns
 - D. CSR budget file
15. What methodology is central to mapping inputs to impact in social projects?
- A. SWOT Analysis
 - B. Triple Bottom Line
 - C. **Theory of Change**
 - D. Cash Flow Mapping
16. What is the format of a standard Social Impact Assessment report not required to include?
- A. Case studies
 - B. Section on audit limitations
 - C. **Shareholder return analysis**
 - D. Methodology & Scope
17. Which of these parties is not necessarily the engaging party in a Social Impact Assessment engagement?
- A. Responsible party
 - B. **SRO**
 - C. Intended user
 - D. Social enterprise
18. In the context of audit evidence (SA 500), what is a red flag for social impact assessors?
- A. Community acceptance
 - B. High output numbers
 - C. **Contradictory beneficiary feedback**
 - D. Third-party validation



19. What is the significance of “mapping the missing middle” in Theory of Change?
- A. Tracking donations
 - B. Filling the gap between budget and expenses
 - C. **Connecting project activities to final goals**
 - D. Showing profitability
20. Why is stakeholder engagement crucial in Social Impact Assessment?
- A. For media visibility
 - B. To influence SEBI's approval
 - C. **To validate project theory with field realities**
 - D. To build shareholder consensus
21. What is the purpose of stating the “inherent limitation” in the report?
- A. To disclaim responsibility
 - B. To justify budget variances
 - C. **To clarify that audit is not assurance or certification**
 - D. To comply with Schedule III
22. Which of the following frameworks does not fall under the applicability of Social Impact Assessment Standards?
- A. SAS 1100 – Livelihood & Skilling
 - B. SAS 1300 – Gender equality
 - C. **Environment Impact Assessment Notification, 2006**
 - D. SAS 1400 – Education
23. Under SEBI SSE regulations, what must a Social Impact Assessment report prepared by a Social Impact Assessor ensure?
- A. Reconciliation of bank balances
 - B. Submission to GST portal
 - C. **Alignment with ICAI SAS and Code of Conduct**
 - D. CSR-1 Form filing



24. When assessing a large-scale public nutrition scheme, which update is most relevant in modern SAS-based audits?
- Average daily food cost
 - SDG India Index indicators (NITI Aayog)**
 - PF registration status
 - Headcount per employee
25. The inclusion of digital grievance redressal data in the evaluation framework aligns most closely with:
- Income tax audits
 - Grievance Management under RTI Act
 - Efficiency of delivery mechanisms**
 - Shareholder activism tools

CASE STUDIES

Case Study 1: Bharat Yuva Utthan Mission (BYUM)

Background: Bharat Yuva Utthan Mission (BYUM) is a Section 8 company registered under the Companies Act, 2013. Established in 2015, BYUM works towards empowering underprivileged youth in semi-urban and rural India through education, skill development, and employment facilitation. Over the years, BYUM has operated skill centres in five states and claims to have benefited over 50,000 youth by 2023.

Impact Focus Areas: The organization's key focus areas align with SEBI's SSE thematic categories:

- Promoting education, employability, and livelihoods
- Promoting gender equality
- Bridging the digital divide

Eligibility and Registration: In 2023, BYUM applied for registration on the Social Stock Exchange segment of NSE. The organization met all eligibility criteria:

- Three years of operational history
- Valid 12AB and 80G registrations
- Over ₹1 crore spent in the previous financial year
- Transparent governance and financial disclosures



BYUM was successfully registered on SSE in August 2023.

Fundraising Initiative: In January 2024, BYUM launched a Zero Coupon Zero Principal (ZCZP) instrument public issue of ₹1 crore to scale its Women Digital Literacy Hubs in Bihar and Jharkhand. The issue was structured for a 3-year tenure. Disclosures were made as per Regulation 292K of SEBI (ICDR) Regulations, including:

- Project objectives
- Target demographics
- Estimated social outcomes (10,000 women digitally literate)

Process Overview:

- Public draft was placed for 21 days
- Final document filed with SSE
- Issue subscribed over 80%, meeting minimum subscription threshold
- Listing completed in March 2024

Post-Listing Compliance: BYUM filed its Annual Impact Report (AIR) in April 2025, verified by a certified Social Impact Assessor empanelled with an SRO recognized by SEBI. The report showed:

- 7,500 women completed training in Year 1
- 60% secured digital-based livelihoods

Multiple Choice Questions Based on the above Case Study:

1. Which of the following best explains why BYUM chose to issue ZCZP instruments instead of seeking donations directly through its website?
 - A. ZCZP issuance ensures formal compliance, impact transparency, and investor confidence
 - B. ZCZP instruments allow higher interest returns to investors
 - C. ZCZP route is mandatory under the Companies Act
 - D. ZCZP instruments require less documentation
2. What regulatory compliance was most crucial for BYUM before listing its ZCZP issue on SSE?
 - A. Approval from Ministry of Finance
 - B. SEBI/SSE registration and disclosure under ICDR Regulation 292K



- C. Registration under Section 10(23C) of Income Tax Act
 - D. CSR eligibility under Schedule VII
3. **Suppose BYUM's ZCZP issue received only 70% subscription. What would be the appropriate course of action based on SSE norms?**
- A. Extend the offer period indefinitely
 - B. **Refund all collected money as subscription is below 75% threshold**
 - C. Revise the social objective and continue
 - D. Approach SIDBI for shortfall financing
4. **BYUM is planning to raise another round of funding after project completion. Which mandatory document will play the most crucial role in its next fundraising decision?**
- A. Draft Prospectus
 - B. Internal Financial Review
 - C. Section 8 Incorporation Certificate
 - D. **Annual Impact Report verified by a certified Impact Assessor**
5. **The impact metrics BYUM designed included measurable outcomes such as training completion and job placement. Under SSE norms, which stakeholder benefits the most from this level of impact clarity?**
- A. BYUM's legal counsel
 - B. Government regulators
 - C. **Donors and ZCZP investors**
 - D. Bankers and debt holders

Case Study 2 – Aarogya Jyoti Foundation

Background

Aarogya Jyoti Foundation (AJF), established in 2005, is a non-profit organization dedicated to improving healthcare access in underserved rural regions of India. Over the years, AJF has implemented various health initiatives, including mobile clinics, health education programs, and partnerships with local healthcare providers.



SSE Registration and Fundraising

In 2024, recognizing the need for sustainable funding and greater transparency, AJF registered with the National Stock Exchange's Social Stock Exchange (NSE SSE). The registration process Submitting audited financial statements for the past three years.

- Providing evidence of social impact through detailed reports.
- Obtaining certifications under Sections 12AB and 80G of the Income Tax Act.

Post-registration

AJF issued Zero Coupon Zero Principal (ZCZP) instruments to raise ₹5 crore. The funds were allocated to Expanding mobile health clinics to 50 additional villages.

- Training 200 community health workers.
- Developing a telemedicine platform for remote consultations.

Impact and Reporting

Within a year, AJF reported

- A 40% increase in patient outreach.
- A 30% reduction in preventable diseases in target areas.
- Successful deployment of telemedicine services in 30 villages.

These outcomes were documented in the Annual Impact Report submitted to the SSE, enhancing donor confidence and setting a benchmark for other NPOs.

Multiple Choice Questions Based on the above Case Study:

1. **What distinguishes Aarogya Jyoti Foundation's fundraising model via SSE from traditional health project grants?**
 - A. Inclusion of health insurance co-payment from beneficiaries
 - B. Use of tax-exempt debt financing under Section 35AC
 - C. **Listing of a Zero Coupon Zero Principal Instrument with mandatory outcome reporting**
 - D. Securing recurring donor commitments instead of one-time grants
2. **Which regulatory provision mandated the preparation of an Annual Impact Report for the Foundation's project post-fundraising?**
 - A. **SEBI ICDR Regulation 292K**
 - B. SEBI AIF Regulation Schedule V



- C. SEBI LODR Regulation 91E
 - D. Companies Act, Section 135
3. If the Foundation had raised funds from an overseas philanthropic trust, which additional compliance would have been necessary under Indian law?
- A. **Registration under FCRA, 2010**
 - B. CSR-1 filing with SEBI
 - C. Approval under SEBI's AIF Category II norms
 - D. Registration under Indian Medical Council Act
4. What would likely disqualify a similar organization from listing on the SSE platform in the healthcare theme?
- A. Section 8 company operating exclusively in urban areas
 - B. Trust lacking impact metrics in its offer document
 - C. NGO with over 50% activities in primary education
 - D. Entity registered only under 80G and not 12A
5. What mechanism ensured the project's fund utilization aligned with its original social intent?
- A. Impact-linked capital gains exemption
 - B. Listing on both BSE and NSE SSE simultaneously
 - C. **Monitoring by an Impact Assessor and annual disclosure**
 - D. Audit by statutory auditor under CSR-2 Schedule

Case Study 3: Sanrakshan Kala Kendra

Sanrakshan Kala Kendra (SKK) is a not-for-profit organization based in Gujarat, established in 2008. The organization was founded with the mission to preserve and promote India's intangible cultural heritage, focusing especially on endangered art forms, folk music, and tribal crafts of western India. Over the years, SKK has worked across 5 states, establishing community-led art clusters and providing livelihood to more than 7,000 artisans and performers.

SKK developed an innovative digital archive to record oral histories and folk traditions, which were slowly vanishing due to urban migration and lack of patronage. In 2022, SKK was registered as a Section 8 company and obtained 12AB and 80G registration. It was further empanelled under the Ministry of Culture's scheme for safeguarding intangible heritage.



In 2024, SKK sought registration on the NSE's Social Stock Exchange (SSE), under the thematic focus area. The organization's social impact included revival of 12 traditional art forms, training of 1,200 youth in handicrafts, and organizing 3 national-level festivals to promote tribal arts.

After successful registration, SKK listed its fundraising initiative—KalaSankalp '25—aimed at digitizing 500 rare manuscripts and building a permanent community art museum in Bhuj. Rather than going for public issuance, SKK opted for private placement of instruments to a Category I Social Impact Fund registered under SEBI (AIF Regulations). The impact goals and fund utilization plan were approved by the SSE platform after due diligence.

The project also involved rigorous impact reporting requirements. An NISM-certified Social Impact Assessor empaneled with a SEBI-recognized SRO was appointed to monitor outcomes. SKK's use of SSE also gained attention as a best practice model for heritage-linked sustainable development.

Multiple Choice Questions (Case Study 3 – Sanrakshan Kala Kendra)

1. **Under which eligibility basis SKK can establish its 67% activity threshold for SSE registration?**
 - A. Revenue-based
 - B. Beneficiary-based
 - C. Revenue-based and/or beneficiary-based
 - D. **Any one or combination of the above**
2. **If SKK had failed to provide a valid 12AB certificate during registration, what would be the likely SSE consequence?**
 - A. Allowed with condition to furnish later
 - B. Permitted for private listing only
 - C. **Rejected for not meeting mandatory requirements**
 - D. Automatically considered as an FPE
3. **In choosing private placement of instruments, which regulation is most directly applicable for SKK's approach?**
 - A. SEBI (Buyback of Securities) Regulations
 - B. SEBI (Mutual Funds) Regulations
 - C. **SEBI (Alternative Investment Funds) Regulations**
 - D. SEBI (REITs) Regulations



4. Which of the following stakeholders is not typically involved in the Social Stock Exchange (SSE) process for Sanrakshan Kala Kendra (SKK)?
 - A. Social Impact Assessor
 - B. Self-Regulatory Organization (SRO)
 - C. NSE Clearing Corporation
 - D. **Registrar of Companies (RoC)**
5. SKK's use of SSE to mobilize funds for preserving art forms primarily aligns with which of the following SSE objectives?
 - A. Facilitating short-term capital gains for investors
 - B. Creating a market for speculative securities
 - C. **Channelizing funds toward measurable social outcomes**
 - D. Achieving maximum financial leverage through CSR

Case Study 4: Bharat Swasthya Mission – Assessing a Rural Health Initiative

Background:

“Bharat Swasthya Mission” (BSM) is a Not-for-Profit Social Enterprise listed on the Social Stock Exchange. The organisation runs mobile medical units (MMUs) across 3 tribal districts of Chhattisgarh. The MMUs provide free primary health care and mental health counselling.

Assessment Engagement:

A Social Impact Assessor was engaged for a social impact assessment under SAS 200. The assessor designed a framework using a Theory of Change model. Key data points were collected through mobile health app logs, interviews with patients, and desk review of health outreach records.

Key Observations:

- Over 2.5 lakh patients served in FY 2023–24
- 82% of beneficiaries were from Scheduled Tribe communities
- Mental health counselling was a pilot, with low uptake (only 6% utilization)
- Digital grievance system had technical issues, with 48% complaints unresolved
- Major outcome: Reduction in repeat illness cases for 70% of chronic patients



Report Summary:

The final report included clear disclosure of methodology, limitations, and outcome metrics aligned with SDG (Good Health & Well-being). Material gaps in mental health service delivery and tech usability were also highlighted.

Multiple Choice Questions – Case Study 4

1. Under which SAS was the Bharat Swasthya Mission assessment conducted?
 - A. SAS 100
 - B. **SAS 200**
 - C. SAS 300
 - D. SAS 1600
2. What is the ideal way to frame the assessment model in this case?
 - A. Cost-Benefit Analysis
 - B. **Theory of Change**
 - C. SWOT Analysis
 - D. Life Cycle Analysis
3. What qualifies as a material limitation in the assessment?
 - A. Lack of funding
 - B. **Unresolved digital grievances**
 - C. Low patient visits
 - D. No project documentation
4. The pilot program with low uptake refers to:
 - A. Vaccination drives
 - B. Rural livelihood missions
 - C. **Mental health counseling**
 - D. Diabetic care program
5. Which SDG was most aligned with this health-focused Social Impact Assessment?
 - A. SDG 1
 - B. **SDG 3**



- C. SDG 4
- D. SDG 11

Case Study 5: Ujjwal Shiksha Foundation – Education and Livelihood for Girls

Background:

Ujjwal Shiksha Foundation (USF), a For-Profit Social Enterprise registered under SSE, operates vocational training centres for adolescent girls in urban slums of Jaipur. It provides free education, computer literacy, and stitching courses.

Assessment Engagement:

The social impact assessment was conducted under SAS 300. The assessor collected both quantitative and qualitative data, including alumni employment records, trainer interviews, and surveys with employers.

Key Observations:

- 70% of enrolled girls completed the training
- 52% of graduates were placed in jobs within 6 months
- Major dropout reason: early marriage and domestic responsibilities
- Skill training had strong employer endorsement (92% satisfaction)
- Stakeholder mapping lacked engagement with family members, leading to low retention

Report Summary:

The report flagged high dropout rates due to socio-cultural barriers and recommended enhanced community mobilisation. It adhered to SAS and highlighted outcome-based metrics, going beyond mere enrolment numbers.

MCQ

1. Under which SAS was the USF program evaluated?
 - A. SAS 800
 - B. SAS 1200
 - C. **SAS 300**
 - D. SAS 600
2. What was a key cause of dropouts in the program?
 - A. Course difficulty
 - B. Trainer shortage



- C. **Early marriage and domestic work**
- D. Low-quality curriculum
- 3. **Which stakeholder group was *not* adequately engaged?**
 - A. Employers
 - B. Trainers
 - C. Government officials
 - D. **Family members**
- 4. **What kind of data was *not* mentioned in the assessment?**
 - A. Employer satisfaction
 - B. **Household income trends**
 - C. Dropout reasons
 - D. Placement rates
- 5. **What was the suggested intervention to improve outcomes?**
 - A. Fee waiver
 - B. **Enhanced community mobilization**
 - C. More online courses
 - D. Partnership with foreign NGOs

MODULE 11

SUSTAINABLE FINANCE, GREEN BONDS, CARBON TRADING AND IMPACT FINANCE

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 and Yellow Bonds:** Explore the increasing use of blue and Yellow bonds and their potential to promote sustainable development.
- **Carbon Credits & Offsets:** Understand the concept of carbon credits and offsets, tradable units representing emission reductions.
- **Carbon Trading and Markets:** Delve into the historical background and evolution of carbon trading and 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.
- **Renewable Energy Certificate (REC):** Understand the REC mechanism as a market-based instrument that certifies renewable electricity generation.
- **Impact Investing:** Learn how investments can generate measurable social and environmental impact alongside financial returns, with a focus on sectors like clean energy, healthcare, and inclusive finance.

11.1 SUSTAINABLE FINANCE

11.1.1 What is Sustainable Finance?

Sustainable finance is a financial approach that integrates environmental, social, and governance (ESG) considerations into investment and financing decisions, alongside traditional



financial metrics. It aims not only to generate competitive financial returns, but also to create positive, measurable impacts on society and the environment.

Some of the prominent definitions of Sustainable Finance includes:

“Sustainable finance is any form of financial service which integrates environmental, social and governance (ESG) criteria into business or investment decisions for the lasting benefit of both clients and society at large.”

— *UNEP Finance Initiative*

“Sustainable finance refers to the process of taking environmental, social and governance (ESG) considerations into account when making investment decisions in the financial sector, leading to increased longer-term investments in sustainable economic activities and projects.”

— *European Commission, EU Action Plan on Sustainable Finance*

“Sustainable finance supports economic growth while reducing pressures on the environment, addressing social inequalities, and improving governance. It encompasses a broad range of practices, including climate finance, green bonds, ESG integration, and risk management.”

— *NGFS, A Call for Action – Climate Change as a Source of Financial Risk, 2019*

“Sustainable finance refers to the alignment of financial flows with low greenhouse gas emissions and climate-resilient development pathways, as well as broader environmental and social objectives.”

— *OECD, 2020, “Developing Sustainable Finance Definitions and Taxonomies”*

Crucially, global climate commitments – notably Article 2.1(c) of the Paris Agreement – explicitly call on countries to “make financial flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development”.

11.1.2 The Need for Sustainable Finance in India

Achieving the SDGs and Paris climate targets requires massive investment. India faces a significant challenge in meeting its climate change goals and other sustainability goals including net zero 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.

11.1.3 Key Global Developments in Sustainable Finance

- **UN SDGs:** The 2030 Agenda and Paris climate accord have catalyzed policy on sustainable finance worldwide. SDG 17 explicitly calls for mobilizing financial resources for the SDGs, and SDG 13 (Climate Action) and SDG 7 (Affordable Clean Energy) depend on aligned finance.
- **Paris Agreement:** Article 2.1(c) of the Paris Agreement requires signatories to “make financial flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development”.



- **EU Sustainable Finance Taxonomy:** The EU has developed a detailed Taxonomy Regulation to classify “environmentally sustainable economic activities.” This taxonomy defines technical screening criteria aligned with the European Green Deal and net-zero by 2050, covering six environmental objectives (finance.ec.europa.eu) namely climate change mitigation, adaptation, water and marine resource use, circular economy transition, pollution prevention, and biodiversity and ecosystem restoration.
- **Global Sustainable Investment Trends:** Sustainable investing has grown rapidly. The 2022 Global Sustainable Investment Review reports USD 30.3 trillion in global sustainable assets under management (gsi-alliance.org), up ~20% (ex-US) since 2020. In 2021 alone, record issuance of green, social, sustainability and transition bonds (≈USD 488 billion of green bonds) and sustainable loans (≈USD 717 billion) was observed (ieefa.org).
- **ESG Integration and Disclosure Standards (TCFD, ISSB):** Globally, financial regulators and investors are converging on standardized ESG reporting. The Task Force on Climate-related Financial Disclosures (TCFD, established by the G20) set voluntary climate disclosure recommendations in 2017, emphasizing governance, strategy, risk management and metrics. Building on TCFD, the IFRS Foundation’s International Sustainability Standards Board (ISSB) issued two landmark global standards in June 2023: IFRS S1 (general sustainability disclosures) and IFRS S2 (climate-related disclosures). These standards require companies to report how sustainability issues affect their financial position and strategy, covering governance, transition plans, climate risks/opportunities and progress toward targets. Regulators in many countries (and the International Organization of Securities Commissions, IOSCO) have endorsed the ISSB standards.

11.1.4 India’s Framework for Sustainable Finance

- **RBI’s Green and Climate Finance Initiatives**

The Reserve Bank of India (RBI) has taken a proactive approach to green and climate finance, integrating ESG into the core of financial system stability. In Feb 2024, RBI released a draft Disclosure Framework on Climate-related Financial Risks applicable to banks, NBFCs and All-India Financial Institutions.

- This framework (phased in 2025-26 and beyond) mandates disclosures on namely governance and strategy for climate risk; risk management processes; and metrics/targets (including financed emissions and exposures in climate-sensitive sectors).
- In addition, RBI has proposed a Climate Risk Information System to aggregate climate data (e.g. physical risk scenarios) for financial institutions (as part of FSDC discussions).



- The central bank is also exploring green finance taxonomies for banking portfolios (in line with the finance ministry's taxonomy) and encouraging the adoption of internal climate stress-testing by lenders.
- **Government backing sustainable growth:**
 - The Ministry of Environment, Forest & Climate Change (MoEFCC) introduced a Green Credit Scheme (2023) to incentivize voluntary sustainability projects (e.g. tree plantation), which may in future tie into finance.
 - The Ministry of Corporate Affairs (MCA) has also updated the Companies Act and rules to mandate ESG disclosures (e.g. Business Responsibility and Sustainability Report under national guidelines).
 - NITI Aayog's 2024-25 annual report calls for a National Green Financing Institution to aggregate green capital and lower financing costs for climate projects. Suggested structures include a new bank (like NABARD or IREDA) or a climate fund in the GIFT City.
 - IRDAI in 2024 directed insurers (including branches of foreign reinsurers) to adopt board-approved ESG frameworks and monitor ESG risks, reflecting broader regulatory alignment with sustainability goals.
- **Rise of green bonds:** India is a major player in issuing green bonds, channeling funds towards environmentally friendly projects. India launched its first Sovereign Green Bonds in FY 2022–23, signaling the government's intent to lead by example in green capital mobilization.
 - India's Green Bond Framework (Feb 2023) aligns with international principles; it earmarks proceeds for projects in renewable energy, energy efficiency, clean transport, climate adaptation, water/waste, pollution control, sustainable land use, green buildings and biodiversity
 - The Government issued its first green bonds in Jan 2023 (₹40,000 crore, 5-year and 10-year tranches) and a second tranche in Feb 2023, both oversubscribed.
- **Market embracing sustainability:** India's stock exchanges are actively promoting ESG investing.
 - **Social Stock Exchange (SSE):** Created under SEBI to allow social enterprises (both non-profit and for-profit) to raise capital via Zero Coupon Zero Principal (ZCZP) instruments.
 - **ESG Indices and Disclosures:** BSE and NSE have launched sustainability indices (e.g. S&P BSE Greenex, BSE Carbonex, S&P BSE 100 ESG index and



Nifty100 ESG index) to track performance of “green” stocks. These indices have even outperformed benchmark indices in recent years, signaling investor interest.

- **Regulatory’s Role in ESG Integration:** The Securities and Exchange Board of India (SEBI) has emerged as a trailblazer in embedding ESG within capital markets.
 - Introduction of BRSR Core, a standardized format with quantitative ESG linked to financial metrics that require external assurance.
 - Regulatory framework for ESG Rating Providers, requiring Transparent methodologies, Mitigation of conflicts of interest and Greater accountability to end users of ESG scores.
 - Mandated ESG-labeled mutual funds to invest at least 80% of their AUM in ESG-aligned securities, disclose thematic strategy and ESG compliance and undergo third-party assurance and regular impact reviews.
- **Sustainable Finance Taxonomy:** India is developing its first Sustainable Finance Taxonomy, led by the Ministry of Finance, to provide a unified framework for defining what constitutes a green or sustainable activity. Draft taxonomy proposes:
 - Overarching principles (e.g., no significant harm, alignment with national priorities).
 - Sector-wise definitions for mitigation, adaptation, and transition activities.
 - Emphasis on credible green investments to avoid greenwashing and attract international climate finance.

11.1.5 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. The upcoming Climate Finance Taxonomy will provide clarity on eligible green and transition activities, reducing greenwashing and directing capital efficiently.
- **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 including SEBI’s regulated ESG Ratings 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.

11.2. GREEN BONDS

11.2.1 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.

11.2.2 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
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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.
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.

11.2.3 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	Issuance of a corporate green 'Masala' bond.	2016	INR 2000 crores (USD 300 million)
Ghaziabad Municipal Corporation	First local civic body in India to issue a green bond (The Hindu Business Line, 2021).	2021	USD 20 million
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 tranches 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



11.2.4 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.

11.2.5 Recent Market Trends

- **Global Volumes and Growth** – Globally, the green bond market has grown from tens of billions a decade ago to over half a trillion per year recently. According to Climate Bonds, issuances hit ~USD 434.5 bn in 2020 and rose ~50% to USD 517.4 bn in 2021 (climatebonds.net). In 2022 they dipped slightly (~USD 487.1 bn, ~4% below 2021) (climatebonds.net) (linked to higher rates and market volatility). In 2023 the market rebounded sharply: Bloomberg and Climate Bonds data report ~\$575–588 bn of green bonds issued (a ~10–15% increase YoY). Issuance across all labeled sustainability bonds (social, SLBs, etc.) was about \$939 bn in 2023 (trellis.net). Emerging markets saw strong growth: an IFC/Amundi report notes EMDE green bond issuance rose ~45% in 2023 (to \$209 bn), driven mainly by sovereigns and banks (ifc.org).
- **India's Volumes and Growth** – Indian green bond volumes remain modest. By early 2023 the cumulative issuance by Indian entities was only about USD 21 billion (teriin.org) (roughly 3.8% of India's domestic corporate debt). Most supply has come from corporations and banks rather than issuers like utilities or NBFCs. In FY2020–21 Indian issuers raised ~\$1.4 bn, jumping to ~\$7 bn in FY2021–22 (aided by several rupee bonds by corporates) (energy.economictimes.indiatimes.com). Green bond issuance in FY2022–24 has been led by the sovereign green bonds and a few large corporates such as Adani, SBI, Axis Bank. In Climate Bonds' country rankings, India accounted for only ~2–3% of global issuance (teriin.org). SEBI has observed that most Indian green bond volume is listed offshore, as firms seek deeper markets (energy.economictimes.indiatimes.com).
- **Sectoral Allocation of Proceeds** – Globally, renewable energy continues to claim the largest share of green bond proceeds (typically 30–40% of spend). An IFC report notes renewables took ~37% of emerging market green bond funds in 2023 (ifc.org). Other top sectors include energy-efficient buildings and clean transportation (electric buses, metros, trains), each often getting 10–20%. "Green buildings" (energy & water-efficient construction) accounted for ~29% of EMDE proceeds in 2023 (ifc.org). In India, major green bond projects have centered on solar/wind farms, clean transport (metro rail), pollution control, and waste-to-energy. SEBI's definition, now including blue and yellow bonds, reflects these sector trends.
- **Issuer and Country Rankings** – In 2023, over half the global green bond volume originated in Europe. The top countries were China (USD83.5 bn), Germany (USD67.5 bn) and the USA (USD59.8 bn) (climatebonds.net). Non-financial corporates were the largest issuer group (~28% of 2023 volume, ~\$172 bn), followed by financial



corporates (bank-issued bonds, \$148 bn) and sovereigns (\$120 bn). India's contribution was much smaller – India did not rank among the top 10 by issuance, reflecting its ~2–3% global share (teriin.org).

11.2.6 The Future of Green Bonds in India

Green bonds play a pivotal role in mobilizing funds for India's transition to a sustainable and low-carbon economy. As the country ramps up its climate commitments, including the net-zero target by 2070, green bonds—especially sovereign issuances—are expected to become a central financing tool for renewable energy, clean mobility, climate adaptation, and biodiversity initiatives. The future of this market depends heavily on continued government backing, increased private sector participation, and the creation of innovative financial instruments. However, India faces significant hurdles in unlocking the full potential of green bonds, including low credit ratings, small issuance sizes, limited liquidity, currency risk, and inconsistent regulatory and reporting frameworks. Addressing these bottlenecks will require a multi-pronged approach: regulatory refinement through SEBI's evolving ESG framework, the introduction of India's Climate Finance Taxonomy, targeted fiscal incentives, and international credit enhancement mechanisms. Equally important is the need for awareness generation, capacity building, and collaborative structures to attract institutional investors, whose long-term capital is vital for scaling innovative, high-impact green projects. By bridging regulatory gaps and fostering a robust, transparent green finance ecosystem, India can transform green bonds—from a niche product—into a mainstream driver of its sustainable development agenda.

11.3 BLUE AND YELLOW BOND

11.3.1 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.

11.3.2 Definition of Blue Bond

A blue bond is a debt instrument issued to finance projects that support the sustainable use of ocean and water resources, helping to protect marine ecosystems while promoting economic growth and climate resilience.

11.3.3 Scope of Blue Bonds

Blue Bonds, a financial instrument tailored for sustainable oceanic development, can support various sectors within the Blue Economy:



- (a) **Offshore Renewable Energy (wind, tidal, wave power)** – Blue Bonds can underwrite construction of ocean-based wind turbines and related infrastructure. 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
- (b) **Sustainable Fisheries and Aquaculture** – Financing better fish stock management, responsible aquaculture, and small-scale fishing communities. 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) **Marine ecosystem restoration** – Funding coral-reef restoration, mangrove reforestation and coastal wetlands to enhance biodiversity and resilience. 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
- (d) **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.
- (e) **Maritime Transport and Port projects** – Investing in cleaner ships, port logistics and alternative fuels to reduce pollution. India is advancing green maritime transport through initiatives like the Harit Sagar Guidelines, Green Shipping Corridors, solar ferries, and the Kochi Water Metro, aiming to decarbonize ports and vessels.
- (f) **Coastal Resilience and Waste Management** – Supporting coastal defenses, sewage/waste treatment (e.g. Maldives waste-to-energy to stop ocean plastics), and blue-carbon projects (e.g. mangrove planting for carbon capture).

11.3.4 Definition of Yellow Bonds

A Yellow Bond is a debt instrument issued specifically to finance solar energy projects and related infrastructure, enabling the transition to a low-carbon economy by promoting clean, renewable energy generation. In the Indian context, Yellow Bonds are officially recognized under the SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021, following the 2023 amendment that introduced color-coded sub-categories under green debt securities. Yellow Bonds are therefore a dedicated sub-category of Green Bonds, focused exclusively on the solar energy value chain.

11.3.5 Scope of Yellow Bonds



Yellow Bonds serve as a purpose-driven financial tool to mobilize capital for India's solar energy goals. Their application spans across the full solar ecosystem, from generation and manufacturing to distribution and R&D

- **Solar Power Generation Projects** - Supports development of solar parks, rooftop installations, and floating solar systems, contributing to India's 280 GW solar target by 2030. Also aids implementation of national schemes like PM-KUSUM.
- **Solar Manufacturing and Supply Chain Infrastructure** – Funds the domestic production of PV cells, modules, inverters, and storage systems under the PLI Scheme, reducing import dependency and strengthening energy security.
- **Off-grid and Decentralized Solar Solutions** – Enables financing for mini-grids, home systems, and solar pumps in rural areas, promoting energy inclusion, women entrepreneurship, and agriculture resilience.
- **R&D and Innovation in Solar Technologies** - Drives investment in emerging technologies like perovskite cells, solar thermal systems, and smart grid integration, accelerating the shift to advanced, efficient solar solutions.
- **Grid Integration and Battery Storage**- Facilitates smart grid, solar-wind hybrid, and BESS projects to ensure round-the-clock renewable supply and grid stability under initiatives like the Green Energy Corridor.
- **Solar-Powered Transportation and Infrastructure** - Supports solar-powered transport, EV charging, and solar lighting for public infrastructure through programs like UJALA and Saubhagya, enhancing low-emission urban mobility.

11.3.6 Regulatory Framework for Blue Bonds in India

The Securities and Exchange Board of India (SEBI) has progressively strengthened its regulatory framework to support sustainable finance, explicitly recognizing Blue Bonds within its ambit. In 2023, SEBI amended the SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021 (NCS Regulations) to broaden the scope of green debt securities, specifically stating that the definition now includes the issuance of Blue Bonds for projects related to:

- Sustainable water management, and
- Sustainable maritime sector development

This effectively classifies Blue Bonds as a sub-category of green bonds under Indian securities law. These instruments are intended to raise debt capital for activities such as marine ecosystem conservation, clean port infrastructure, coastal resilience, and water-related sustainability projects.



In August 2024, SEBI took a further step by proposing an expanded regime for Environmental, Social and Governance (ESG) Debt Securities, encompassing:

- Social Bonds
- Sustainability Bonds
- Sustainability-Linked Bonds (SLBs)

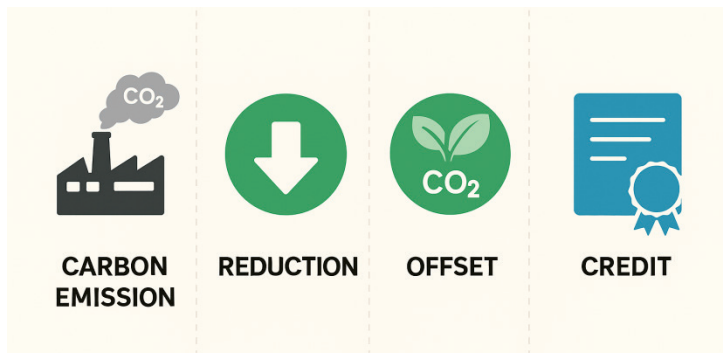
This proposal was opened for public consultation and aims to build a comprehensive, multi-dimensional sustainable finance ecosystem alongside existing green bond instruments.

Note: While the regulatory framework for Blue Bonds is now firmly in place, as of 2025, no Blue Bond issuance—either sovereign or sub-sovereign—has yet occurred in India.

Both Blue and Yellow Bonds offer a strategic financing mechanism to propel India's Economy forwards 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 solar and ocean resources, driving economic growth, and fostering inclusive development.

11.4 CARBON OFFSET AND CREDITS

As the global response to climate change intensifies, mechanisms like carbon offsetting and carbon trading have emerged as essential tools for reducing greenhouse gas (GHG) emissions. These market-based approaches incentivize emission reductions by putting a price on carbon and enabling entities to manage their carbon footprints more flexibly and cost-effectively.



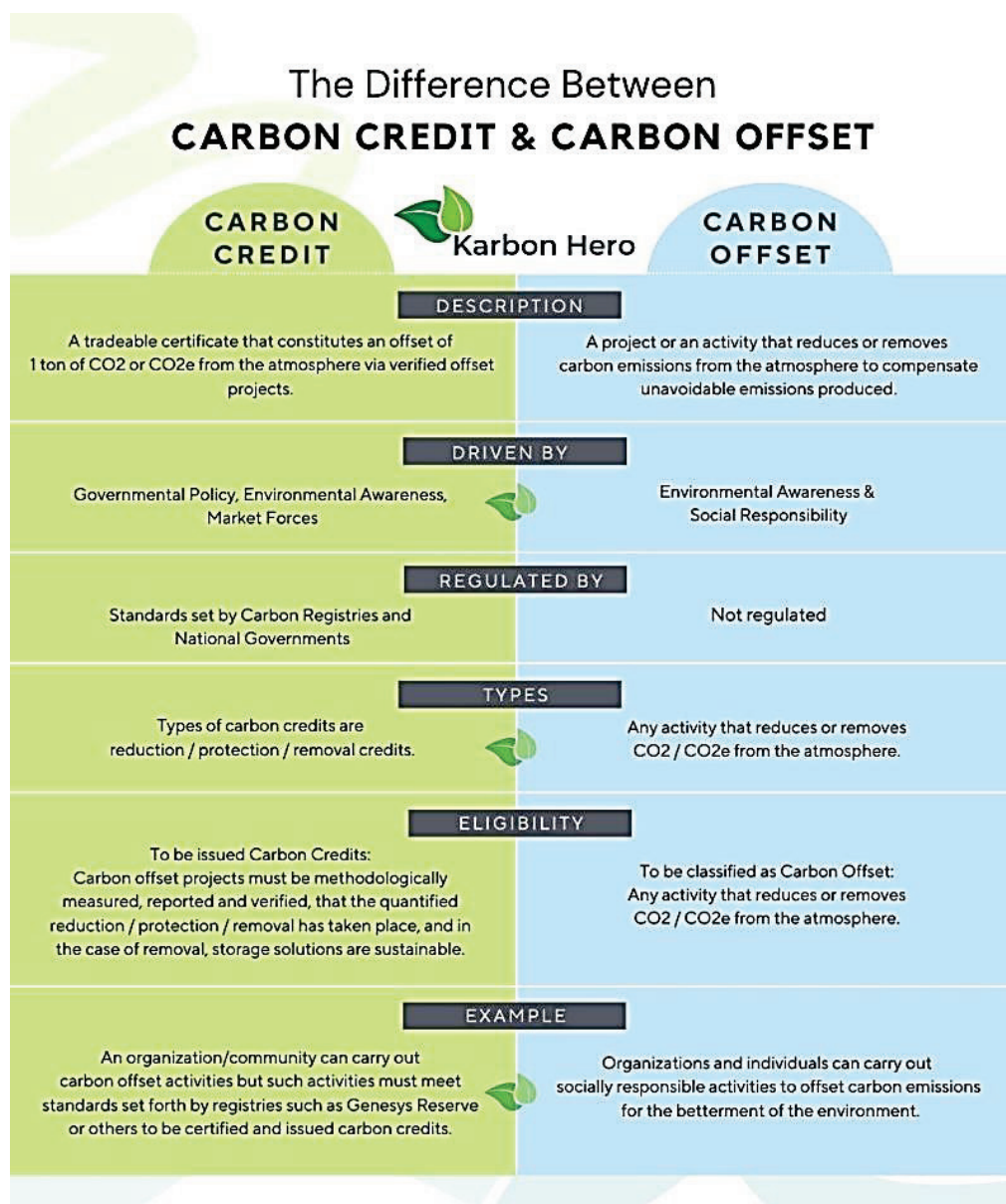
The process begins with the emission of carbon dioxide (CO₂) and other greenhouse gases by industrial operations, transportation, energy use, or other human activities. To mitigate this impact, entities first aim to reduce emissions at the source through measures like switching to renewable energy, improving energy efficiency, or modifying production processes. However, when full elimination of emissions isn't feasible, the remaining emissions can be compensated through carbon offsets—actions that reduce or remove equivalent emissions elsewhere, such as afforestation, clean energy projects, or methane capture. These offset activities, once



verified by recognized standards, generate carbon credits—tradable certificates that represent the reduction or removal of one metric tonne of CO₂ equivalent. These credits can be used to meet voluntary climate goals or regulatory compliance obligations, forming a market-based mechanism for climate accountability.

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.



11.5 CARBON TRADING AND MARKETS

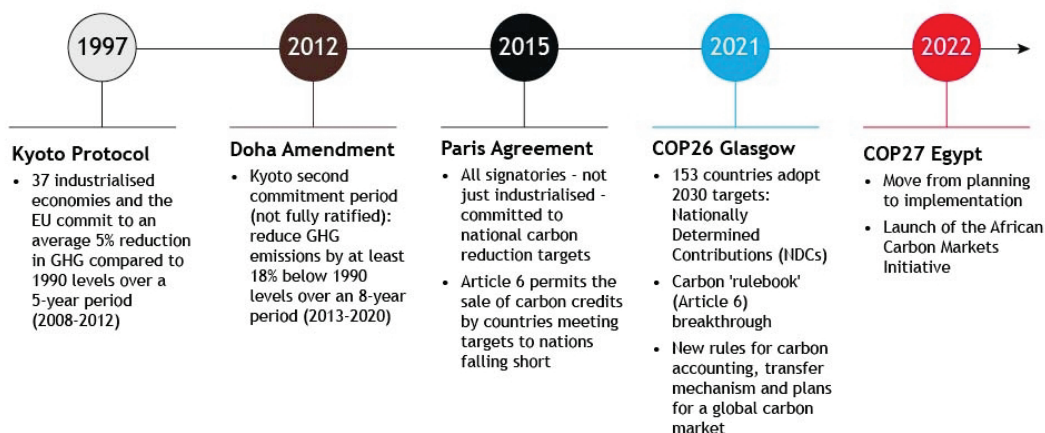
11.5.1 Carbon Trading

Carbon trading is a mechanism that enables the buying and selling of emission allowances or carbon credits, with the goal of incentivizing emission reductions and ensuring compliance with climate targets.



11.5.2 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:



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
 - **EU Emissions Trading System (EU ETS):** Launched in 2005, it's the largest cap-and-trade system globally.
 - **California Cap-and-Trade Program:** Established in 2012, it's one of the most active carbon markets in the world.

11.5.3 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.

11.5.4 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.

11.5.5 Carbon Market

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.”

11.5.6 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.

11.6 CARBON CREDIT TRADING SCHEME, 2023

11.6.1 Indian Carbon Market Developments

India has moved to establish a domestic compliance carbon market. India's Carbon Credit Trading Scheme, 2023 (CCTS 2023) was notified 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).



The CCTS is designed to seamlessly absorb India's existing Perform, Achieve and Trade (PAT) scheme. Covered sectors and compliance timelines under CCTS are aligned with the ongoing PAT cycles, ensuring regulatory continuity. Surpluses and shortfalls from current PAT obligations will be converted into Carbon Credit Certificates (CCCs) within the new framework.

11.6.2 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.

11.6.3 Key compliance requirements under CCTS 2023

- (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.

11.6.4 Greenhouse Gas Intensity Target Draft Rules

- On April 16, 2025, MoEFCC released a draft notification titled the Greenhouse Gas Emission Intensity Target Rules, 2025.



- This draft sets forth emission intensity reduction targets for 282 industrial entities across four high-emission sectors: cement (186 entities), pulp and paper (53), chlor-alkali (30), and aluminium (13).
- The targets are structured over two compliance periods—2025–26 and 2026–27—using 2023–24 as the baseline year.
- The scheme operates on a baseline-and-credit system, where entities that reduce their emissions intensity below the set targets earn Carbon Credit Certificates (CCCs). These certificates can be traded on the Indian Carbon Market platform.
- Prominent companies such as Vedanta, Hindalco, NALCO, UltraTech, ACC, Ambuja, Dalmia, and JSW Cement are among the obligatory entities under this scheme.
- The draft notification is currently open to public consultation, inviting feedback from stakeholders to refine and finalize the framework.

Complementing the broader ICM framework, the Bureau of Energy Efficiency (BEE) has released comprehensive procedural guidelines to operationalize CCTS. These include the Compliance Mechanism Procedure (Draft, October 2023) and the Offset Mechanism Procedure (Version 1, March 2025), which detail the processes for entity registration, emissions verification, and carbon credit issuance. In parallel, the Central Electricity Regulatory Commission (CERC) issued draft trading regulations in November 2024, proposing that Carbon Credit Certificates (CCCs) be traded on designated power exchanges. These exchanges will feature separate segments for compliance and offset credits, with clearly defined market rules, including bid limits, settlement procedures, and penalties for ensuring market integrity, liquidity, and orderly participation.

11.6.5 The takeaways

India's evolving ICM framework, led by the Carbon Credit Trading Scheme (CCTS) 2023, is poised to drive long-term investments in GHG emission reduction technologies, low-carbon infrastructure, and climate-aligned industrial transformation. The recent draft notification by MoEFCC, setting sector-specific emission intensity reduction targets for 282 entities across cement, aluminium, pulp & paper, and chlor-alkali sectors, marks a significant regulatory milestone. By rewarding industries that outperform these targets with Carbon Credit Certificates (CCCs) tradable in a national market, the scheme creates a robust financial incentive for decarbonization. It also formally recognizes and benefits progressive Indian companies already on low-carbon pathways, such as UltraTech, Hindalco, and Vedanta. The initiative aligns with India's enhanced Nationally Determined Contributions (NDCs) for 2030 and its net-zero ambition by 2070. The upcoming procedural rules will define the monitoring, reporting, and verification (MRV) framework, along with the detailed methodology for issuance, validity, and pricing of CCCs, including parameters like floor and forbearance price bands, ensuring environmental integrity and market stability.



11.7 GREEN CREDIT RULES, 2023

11.7.1 Introduction

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.

11.7.2 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.

11.7.3 Framework of the Green Credit Rules 2023

- The Green Credit Programme (GCP), launched by the Ministry of Environment, Forest and Climate Change (MoEFCC) in 2023, establishes a market-based mechanism to incentivize voluntary environmental actions by issuing tradable Green Credits.



- The institutional framework is anchored by an inter-ministerial Steering Committee constituted by the Central Government to provide strategic oversight and periodic review of the programme.
- The Indian Council of Forestry Research and Education (ICFRE) has been designated as the Administrator responsible for implementing the programme, issuing operational guidelines, setting up the digital infrastructure, and managing the Green Credit Registry and trading platform, subject to central government approval.
- Activity-specific Technical Committees are established to develop methodologies, recommend verification protocols, and advise on monitoring practices.
- A dedicated digital portal (www.moefcc-gcp.in) enables citizens, companies, and agencies to register environmental projects such as tree plantations and water harvesting on pre-identified degraded land blocks uploaded by forest departments.
- Once implemented, projects undergo verification either through self-certification for small-scale initiatives or third-party verification for larger ones.
- Post-verification, digital Green Credit Certificates are issued by ICFRE and recorded in the Green Credit Registry, which maintains ownership records and transaction history.
- These credits can then be traded on the proposed Green Credit Exchange, functioning as a national platform for transparent credit transactions.
- All system components, including the Administrator, Registry, and Trading Platform, are subject to independent audits at least once every three years.

11.7.4 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.

Initially, the GCP prioritized activities like tree plantation and water conservation. In February 2024, MoEFCC notified a detailed methodology for calculating credits from tree plantations, assigning one Green Credit per tree planted at a minimum density of 1,100 trees per hectare.

A draft methodology for water harvesting was released in October 2023.

In April 2024, additional guidance was issued on cost estimation for ecological restoration projects, expanding the scope beyond plantations to promote broader eco-restoration measures. However, credit allocation mechanisms for non-plantation activities are still being developed.

Furthermore, the programme has been integrated with regulatory mechanisms; notably, a November 2023 amendment to the Forest (Conservation) Rules mandates that user agencies involved in forest land diversion register under the GCP and use Green Credits to fulfill Compensatory Afforestation obligations. The GCP was also launched alongside the revamped Ecomark scheme on 13 October 2023, signaling MoEFCC's wider vision of embedding environmental market instruments into India's sustainability framework.

Overall, the Green Credit Programme mirrors the architecture of a voluntary carbon market, with a centralized authority, registry, trading platform, and verification system working in tandem to operationalize nature-based solutions and incentivize measurable environmental outcomes.

11.7.5 Green Credits vs. Carbon Credits: Distinctions and Synergies

India currently operates two distinct yet complementary market-based environmental mechanisms: the Green Credit Programme (GCP) and the Carbon Credit Trading Scheme (CCTS). While both incentivize positive environmental outcomes, they differ significantly in scope, governance, and legal foundations.

The CCTS, established under the Energy Conservation Act, 2001 (as amended), is a compliance carbon market administered by the Bureau of Energy Efficiency (BEE) under the Ministry of Power. It sets greenhouse gas (GHG) emission intensity targets for specified industrial sectors. Entities that exceed their targets earn Carbon Credit Certificates (CCCs)—each representing one metric tonne of CO₂-equivalent (CO₂e) emission reduction. These certificates are traded on designated power exchanges through India's Perform-Achieve-Trade (PAT) infrastructure.



In contrast, the Green Credit Programme is a voluntary, multi-sectoral mechanism administered by the MoEFCC and implemented by ICFRE, under the Environment (Protection) Act, 1986. It awards Green Credits for activities such as afforestation, water conservation, waste management, and pollution control, offering broader ecological benefits that extend beyond direct carbon mitigation. Unlike CCCs, Green Credits are not quantified by tonnes of CO₂ reduced but are issued as units of incentive for completing a verified environmental activity (e.g., one tree planted = one credit).

The Green Credit Rules (GCR) clearly distinguish Green Credits from carbon credits. However, they acknowledge the potential for dual eligibility, noting that a single activity—such as a forest plantation—may generate both a Green Credit (under GCP) and a carbon credit (under voluntary or compliance markets), provided it verifiably reduces emissions. This opens pathways for stacking incentives, though it also underscores the need for harmonization and safeguards to avoid double counting.

As of now, the two mechanisms operate in parallel. Green Credits cannot be used to satisfy carbon compliance obligations, and carbon credits are not interchangeable with Green Credits. Each system has its own registry, methodology, and verification criteria. While CCCs are science-based, emission-specific instruments, Green Credits function as activity-based environmental incentives, designed to promote broader ecological stewardship.

Going forward, the coexistence of these systems has prompted calls for enhanced regulatory coordination, especially as India expands its carbon market and deepens ESG integration. Both instruments—while structurally distinct—offer valuable pathways for advancing India's environmental, climate, and sustainability goals.

11.7.6 GCP and BRSR Integration

In a landmark step towards mainstreaming environmental disclosures, the Securities and Exchange Board of India (SEBI) issued a circular in March 2025 mandating the integration of the Green Credit Programme (GCP) into corporate sustainability reporting. As per the directive, all listed companies are required to disclose their Green Credit activities in the Business Responsibility and Sustainability Report (BRSR) starting FY 2024–25. Specifically, Green Credits generated either directly by the company or by up to ten key value-chain partners may be reported under “Leadership Indicators” in Principle 6—which focuses on Pollution Prevention and Resource Conservation.

This move aligns with the Union Ministry of Environment, Forest and Climate Change (MoEFCC)'s February 2024 notification, reinforcing the integration of market-based environmental instruments into national sustainability frameworks. From FY 2024–25 onward, companies must declare the number of Green Credits acquired through eligible activities—such as afforestation on degraded land—and describe their contribution to broader environmental and resource efficiency goals.



11.8 RENEWABLE ENERGY CERTIFICATE (REC)

11.8.1 Introduction

A Renewable Energy Certificate (REC) is a tradable market instrument that certifies the bearer has generated one megawatt-hour (MWh) of electricity from a renewable energy source. It represents the environmental and social attributes of renewable power generation, separate from the physical electricity itself. RECs enable obligated entities, such as power distributors and large consumers, to meet their renewable purchase obligations (RPOs) by purchasing these certificates, thereby promoting renewable energy development even when direct consumption of green electricity is not feasible.

India's renewable energy transition is not just a climate imperative but also a strategic necessity for energy security and sustainable development. In this pursuit, market-based mechanisms have played a pivotal role. One of the most significant among them is the Renewable Energy Certificate (REC) Scheme, launched by the Government of India in 2010.

The REC mechanism was created to promote renewable energy generation and address the geographical disparity in the availability of renewable energy resources. It allows obligated entities (such as power distribution companies, open-access consumers, and captive power producers) to fulfill their Renewable Purchase Obligations (RPOs) in a cost-effective and flexible manner.

In essence, RECs function as market instruments that represent the environmental benefits of electricity generated from renewable sources, decoupling the physical flow of power from its green attributes.

11.8.2 Framework of REC in India

(a) Institutional Structure

The Renewable Energy Certificate (REC) scheme in India operates under a well-defined institutional framework involving multiple stakeholders:

- **Ministry of Power (MoP):** Provides overarching policy guidance and strategic direction for renewable energy promotion and REC scheme implementation.
- **Central Electricity Regulatory Commission (CERC):** Formulates and enforces the regulatory framework for REC issuance and trading under the Electricity Act, 2003. CERC regularly updates REC regulations to reflect evolving market dynamics and government priorities.
- **National Load Dispatch Centre (NLDC):** Designated as the Central Agency responsible for registration, issuance, monitoring, and overall administration of RECs across the country. NLDC ensures transparency and efficiency in REC operations.



- **State Electricity Regulatory Commissions (SERCs):** Establish Renewable Purchase Obligation (RPO) targets for obligated entities within their jurisdiction and monitor compliance. SERCs also impose penalties for non-compliance.

(b) Key Legal Instruments

- **Electricity Act, 2003:** Empowers the Central and State Electricity Regulatory Commissions to promote renewable energy generation and enforce Renewable Purchase Obligations, laying the legal foundation for the REC mechanism.
- **CERC (Terms and Conditions for Recognition and Issuance of Renewable Energy Certificate for Renewable Energy Generation) Regulations, 2010 (amended 2022):** These regulations establish detailed rules governing REC eligibility, issuance, trading, and validity, including reforms such as removal of floor and forbearance prices to foster better price discovery.
- **Energy Conservation Act, 2001:** Supports broader energy efficiency and conservation goals, complementing renewable energy promotion efforts. It also aligns REC mechanisms with national energy conservation and carbon market frameworks.

(c) Renewable Purchase Obligation (RPO) Framework

- Obligated entities, including distribution companies (DISCOMs), captive power producers, and open access consumers—are mandated to procure a specified minimum percentage of their electricity consumption from renewable sources.
- The RPO is bifurcated into:
 - **Solar RPO:** Percentage of energy sourced from solar generation.
 - **Non-Solar RPO:** Percentage from other renewable sources like wind, biomass, and small hydro.
- The RPO percentages are notified annually by respective SERCs and have progressively increased to align with India's Nationally Determined Contributions (NDCs) under the Paris Agreement and national renewable energy capacity targets.

Process for registering REC in India

- The Renewable Energy Certificate (REC) mechanism begins with eligible renewable energy generators—such as solar, wind, biomass, and small hydro producers—who do not receive preferential tariffs or subsidies.
- These generators must first obtain accreditation from the State Load Dispatch Centre (SLDC) to confirm their technical compliance, followed by registration with the Central Agency (NLDC) to enable REC issuance.



- For every megawatt-hour (MWh) of renewable electricity fed into the grid, one REC is issued, classified as either Solar or Non-Solar to meet respective Renewable Purchase Obligations (RPOs).
- RECs are traded monthly on power exchanges like the Indian Energy Exchange (IEX) and Power Exchange India Limited (PXIL), using a double-sided auction format.
- Recent regulatory amendments have removed fixed price bands to encourage market-driven price discovery.
- Obligated entities fulfill their RPOs by purchasing and surrendering RECs to State Electricity Regulatory Commissions (SERCs), with penalties imposed for non-compliance, typically linked to the Average Pooled Power Purchase Cost (APPC) or as specified by SERCs.
- This process facilitates a flexible, market-based approach to promoting renewable energy adoption across India.

Recent Developments in REC Trading in India

In April 2025, the Indian Energy Exchange (IEX) facilitated the trading of 2.90 lakh Renewable Energy Certificates (RECs) across two sessions, held on April 9 and April 30. The clearing prices for these sessions were ₹300 and ₹350 per REC, respectively. This activity reflects a significant increase in REC trading volumes, with IEX reporting a 136% year-on-year growth in FY 2025, totaling 17.8 million RECs traded. The fourth quarter of FY 2025 alone accounted for 6.8 million RECs, marking a 108% increase compared to the same period in the previous year.

Similarly, Power Exchange India Limited (PXIL) conducted its second REC trading session for February 2025 on March 7, 2025, in compliance with the Central Electricity Regulatory Commission's (CERC) directives.

11.9 IMPACT FINANCING

11.9.1 Introduction

In an era marked by growing economic inequality, climate crises, and social unrest, financial systems worldwide are undergoing a transformation. Traditional finance — focused primarily on profit maximization — is now being reimagined to serve a broader societal and environmental purpose. At the heart of this transition lies impact financing, a financial strategy that integrates sustainability and inclusiveness into investment decisions.

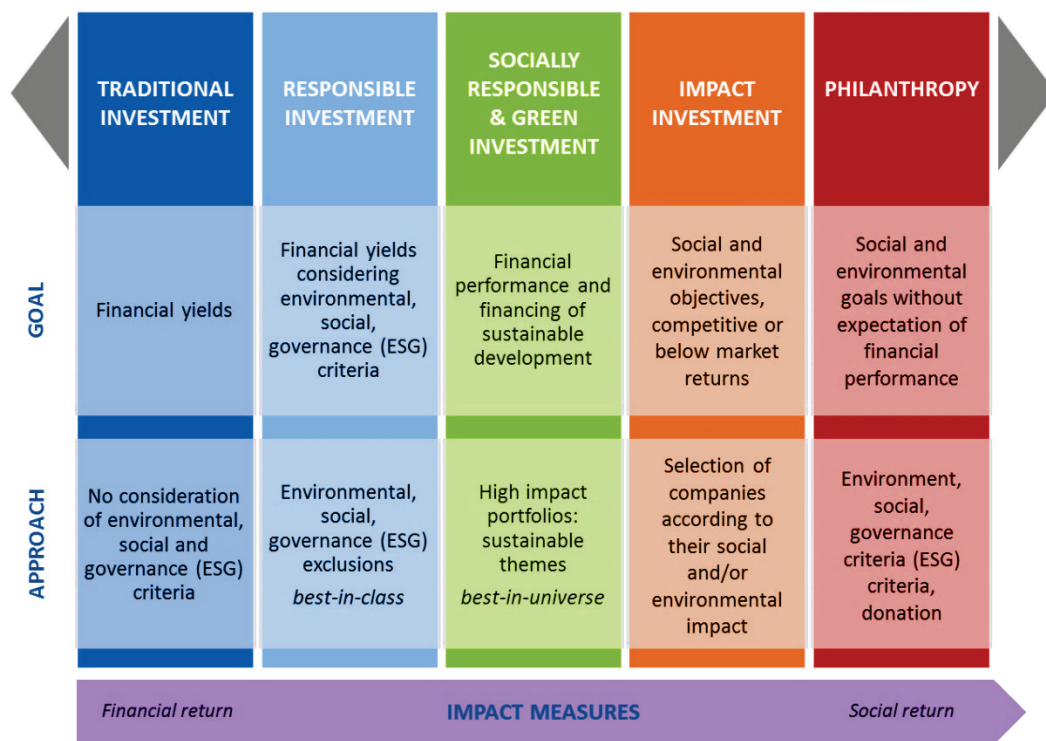
Impact financing refers to investments made with the intention of generating measurable social and environmental impacts alongside a financial return. It is not charity, nor is it conventional investing — it's a hybrid that seeks to maximize positive externalities. Impact financing is grounded in three core principles:

- **Intentionality:** The investor explicitly intends to generate positive impact.



- **Measurability:** The social or environmental outcome is quantified and monitored.
- **Return Expectation:** A financial return, though it may be below-market in some cases, is still expected.

This concept has gained momentum globally as investors, policymakers, and development institutions recognize the limitations of traditional funding models in addressing pressing global challenges. The surge in interest in impact investing has also been catalyzed by the United Nations Sustainable Development Goals (SDGs), which have provided a common framework for mobilizing finance for social good.



Source: <https://hub.unido.org/training-modules-investment>

11.9.2 History and Evolution of Impact Financing

While the term "impact investing" gained prominence in the 21st century, its roots can be traced back much further. Understanding this evolution provides valuable context to its current form and future trajectory.

- **Philanthropic Beginnings (Late 19th - Early 20th Century):** Early forms of impact finance can be seen in philanthropic endeavors aimed at social improvement. Individuals and foundations invested in projects that directly addressed societal ills, though the concept of financial return alongside social good was not yet formalized.



- **Socially Responsible Investing (SRI) (1960s-1970s):** The rise of social movements in the mid-20th century, particularly related to civil rights and environmental protection, led to the emergence of Socially Responsible Investing (SRI). This involved screening investments based on ethical and moral criteria, often *excluding* companies involved in activities like tobacco, alcohol, or apartheid. While focused on avoiding harm, SRI was less about actively generating positive impact.
- **Community Development Finance Institutions (CDFIs) (1980s):** In the 1980s, the concept of targeted investments for underserved communities gained traction, particularly in the United States. Community Development Financial Institutions (CDFIs) emerged, providing financial services to low-income and marginalized populations, focusing on affordable housing, small business development, and job creation. This marked a step towards intentionally driving positive social outcomes through finance.
- **The Genesis of "Impact Investing" (Early 2000s):** The term "impact investing" was formally coined in 2007 at a Rockefeller Foundation Bellagio Center gathering. This pivotal moment brought together diverse stakeholders – investors, philanthropists, and development practitioners – who recognized the need for a new asset class that intentionally generated both financial returns and measurable social and environmental impact. This formalized the hybrid approach that distinguishes impact investing from traditional philanthropy or pure SRI.
- **Growth and Mainstreaming (2010s - Present):** The past decade has seen exponential growth in impact investing, driven by several factors:
 - Global Challenges: Increasing awareness of climate change, poverty, and inequality has spurred a demand for financial solutions that address these issues.
 - Millennial and Gen Z Investors: A growing segment of investors, particularly younger generations, are more conscious of the social and environmental implications of their investments.
 - United Nations Sustainable Development Goals (SDGs): Launched in 2015, the SDGs provided a universal framework for sustainable development, offering a clear roadmap and measurable targets for impact investors. This galvanized action and provided a common language for impact measurement.
 - Maturation of the Ecosystem: The development of clearer metrics, standardized reporting frameworks, and dedicated impact funds has made impact investing more accessible and credible.



11.9.3 Types of Impact Financing Instruments

Impact financing spans across a broad spectrum of financial tools, ranging from conventional debt instruments tied to performance metrics to highly innovative risk-sharing models. Below are some of the most widely used and emerging instruments in this space:

a. Sustainability-Linked Loans (SLLs):

SLLs are one of the fastest-growing categories of impact-aligned finance. Unlike green loans that earmark proceeds for specific environmental projects, SLLs are general-purpose loans whose pricing is tied to the borrower's sustainability performance.

Key features:

- **Performance-Based:** The interest rate of the loan fluctuates based on predefined Key Performance Indicators (KPIs), such as emissions reduction, energy efficiency, gender diversity, or waste management.
- **Use of Proceeds:** Flexible, can be used for any corporate purpose.
- **Transparency:** External reviews or sustainability assurance is often required to ensure credibility.

Example: Adani Electricity raised a \$300 million sustainability-linked loan where interest rates are linked to the company's ability to meet renewable energy targets.

b. Green Bonds

Green bonds are debt instruments where the proceeds are exclusively used to fund environmentally beneficial projects — such as renewable energy, green buildings, clean transportation, or water conservation. The same has been discussed in detail in section 9.2

c. Social and Sustainability Bonds

Social bonds are debt instruments designed to finance projects that yield positive social outcomes, such as affordable housing, education, healthcare, and support for underserved communities. When proceeds are allocated to both social and environmental projects, they are termed sustainability bonds. These instruments are governed by frameworks like the International Capital Market Association's (ICMA) Social Bond Principles, ensuring transparency and accountability in the use of funds.

Key Features:

- **Use of Proceeds:** Funds are earmarked exclusively for projects with clear social benefits.



- **Transparency:** Issuers are required to provide regular updates on the use of proceeds and the social impact achieved.
- **Investor Appeal:** These bonds attract investors seeking to align their portfolios with social impact objectives.

Example: In 2024, Shriram Finance raised \$500 million through social bonds to fund MSME lending and vehicle finance for underserved communities. The issuance received strong global investor interest and was oversubscribed 2.4 times. It marked one of India's largest social bond deals by an NBFC, promoting financial inclusion and employment generation.

d. **Development Impact Bonds (DIBs)**

DIBs are performance-based contracts where private investors fund development programs and are repaid by outcome funders (usually governments or philanthropies) only if the program achieves pre-agreed results.

Key Features:

- **Investor:** Provides upfront capital.
- **Service Provider:** Executes the program (e.g., education for girls).
- **Outcome Payer:** Pays back the investor based on verified results.

Example: In India, the world's first DIB for education (2015) funded quality education for over 15,000 children in Rajasthan with measurable learning gains.

e. **Impact Venture Capital and Private Equity Funds**

These are pooled investment vehicles targeting startups and SMEs in sectors like clean energy, agriculture, healthcare, and financial inclusion. While many of these funds aim for market returns, they prioritize impact metrics and inclusive growth.

Prominent Indian examples include:

- Aavishkaar Capital
- Omidyar Network India
- Acumen Fund

11.9.4 Impact financing framework in India

India's impact finance ecosystem has grown significantly, with regulatory and institutional mechanisms promoting the integration of sustainability into financial decision-making. Although still maturing, the framework is increasingly aligned with global standards, with India-specific innovations shaping its progress.



- **SEBI and BRSR: Strengthening ESG Disclosure:** The Securities and Exchange Board of India (SEBI) introduced the Business Responsibility and Sustainability Report (BRSR) in 2021, aligning with the National Guidelines on Responsible Business Conduct (NGRBC). Mandatory from FY2022–23 for the top 1,000 listed companies, BRSR requires detailed ESG disclosures, covering environment, stakeholder engagement, governance, and employee welfare. It links ESG performance to financial outcomes and is expected to drive transparency and comparability in non-financial reporting.
- **Social Stock Exchange (SSE):** The Social Stock Exchange (SSE), launched by SEBI under the NSE in 2023, enables fundraising for social enterprises through instruments like Zero Coupon Zero Principal (ZCZP) bonds, social venture funds, and Development Impact Bonds (DIBs). Initially open to institutional investors, retail participation is expected. A notable case includes the listing of SGBS Unnati Foundation, which raised ₹1.8 crore for skilling underprivileged youth. The SSE addresses the funding gap for SDG-aligned initiatives in India.
- **RBI and Financial Sector Guidelines:** The Reserve Bank of India (RBI) has issued a draft framework for climate risk disclosures and encourages banks and NBFCs to adopt ESG governance and risk management practices. RBI supports a domestic ESG bond market and allows banks to invest up to 20% of Tier-II capital in green or social bonds. These steps promote ESG integration into credit decision-making and aim to direct capital towards sustainable sectors.
- **NITI Aayog and Government Strategy:** NITI Aayog has recommended setting up a National Green Financing Institution to aggregate capital for climate projects. It advocates aligning finance flows with India's net-zero targets. Meanwhile, agencies like IREDA and PFC are using blended finance and tax incentives to support renewable energy and sustainable infrastructure. These efforts reflect the government's broader push toward low-carbon economic growth.
- **Development Finance Institutions (DFIs):** DFIs like SIDBI and NABARD play a crucial role in channeling impact finance. SIDBI promotes green finance for MSMEs, with schemes targeting renewable energy, e-mobility, and energy efficiency. Its green portfolio grew significantly in FY2022. NABARD has launched the Green Lending Facility and created a climate action department, focusing on rural adaptation and implementing projects funded by the Green Climate Fund.
- **Emerging Institutions: IFSCA and GIFT City:** The International Financial Services Centres Authority (IFSCA) at GIFT City is promoting ESG finance by waiving filing fees for ESG funds and facilitating USD 13 billion in ESG bond issuances. Indian banks in the IFSC have disbursed over USD 1.5 billion in green, social, and sustainability-linked



loans. This positions GIFT City as a potential hub for international sustainable finance flows.

- **Taxonomy and Classification:** Efforts are underway to develop a national taxonomy for sustainable finance, led by NITI Aayog and the Ministry of Finance. Updates to income tax rules and SEBI guidelines are being aligned with global frameworks like the ICMA principles. This move aims to prevent greenwashing, improve investor trust, and standardize definitions across green and social financial instruments.

11.9.5 Challenges and Opportunities in Impact Financing

Despite its promising growth, impact financing faces several challenges while simultaneously presenting significant opportunities for driving positive change.

- **Challenges:**
 - **Impact Measurement and Attribution:** Quantifying and attributing specific social and environmental impacts to financial investments remains complex. Developing robust, standardized, and verifiable impact metrics is crucial to ensure credibility and prevent "impact washing" (where investments are superficially labeled as impactful).
 - **Risk-Return Profile Misconceptions:** There's a persistent misconception that impact investments inherently offer below-market financial returns. While some impact investments may prioritize impact over purely financial returns, many aim for competitive or even market-rate returns, especially in more mature sectors like renewable energy.
 - **Scalability:** While capital committed to impact investing is growing, it's still a fraction of global financial markets. Scaling impact financing requires attracting a broader range of investors, including institutional investors, and developing larger, more liquid financial products.
 - **Lack of Standardized Definitions and Regulations:** The absence of universally accepted definitions and regulatory frameworks across different jurisdictions can create confusion and hinder cross-border impact investing. Efforts like national taxonomies are addressing this, but it remains a work in progress.
 - **Data Availability and Transparency:** Reliable and comparable data on ESG performance and impact outcomes is still evolving, making due diligence and performance evaluation challenging for investors.
 - **Building a Robust Pipeline:** Identifying and developing a sufficient pipeline of investable businesses and projects that meet both financial and impact criteria can be a hurdle, especially in nascent markets or niche sectors.



- **Opportunities:**
 - **Addressing Grand Global Challenges:** Impact financing is uniquely positioned to mobilize capital towards critical global challenges like climate change, poverty reduction, healthcare access, and education, complementing traditional development aid.
 - **Innovation and Market Creation:** By supporting innovative business models and technologies that address social and environmental problems, impact financing can foster new markets and create sustainable economic growth.
 - **Enhanced Risk Management:** Integrating ESG factors into investment decisions can lead to better risk management, as companies with strong sustainability practices are often more resilient and less prone to regulatory, reputational, or operational risks.
 - **Attracting New Investor Segments:** The growing demand from retail investors, millennials, and institutional investors for responsible and impactful investments presents a significant opportunity for market expansion.
 - **Policy and Regulatory Support:** Governments and regulators worldwide are increasingly recognizing the importance of sustainable finance, leading to supportive policies, incentives, and frameworks that can accelerate the growth of impact financing.
 - **Blended Finance:** The strategic combination of public, philanthropic, and private capital through blended finance models can de-risk investments and unlock significant private sector funding for impact projects, particularly in emerging markets.

11.9.6 Future Trends in Impact Financing

The landscape of impact financing is dynamic and constantly evolving. Several key trends are likely to shape its future:

- **Deepening Integration of ESG:** ESG (Environmental, Social, Governance) factors will become even more deeply integrated into mainstream financial decision-making, moving beyond simple screening to become a core component of fundamental analysis.
- **Focus on Specific SDGs:** While all SDGs are important, there may be a more concentrated focus on specific goals, such as climate action (SDG 13), affordable and clean energy (SDG 7), and decent work and economic growth (SDG 8), driven by urgency and investor interest.



- **Technological Advancements:** Technologies like blockchain, AI, and big data will play a crucial role in improving impact measurement, data transparency, and the efficiency of impact investment platforms.
- **Rise of Retail Impact Investing:** As awareness grows and products become more accessible, retail investors are expected to play a larger role in channeling capital towards impact-aligned investments, possibly through innovative digital platforms.
- **Increased Focus on Biodiversity and Nature-Based Solutions:** Beyond climate, there will be a growing emphasis on financing projects that protect biodiversity, restore ecosystems, and promote sustainable land and water management.
- **Mainstreaming of Social Bonds and DIBs:** As these instruments prove their effectiveness, they are likely to become more commonplace, particularly for financing large-scale social programs.
- **Greater Emphasis on Just Transition:** Impact financing will increasingly focus on ensuring that the transition to a sustainable economy is equitable and inclusive, supporting communities and workers affected by the shift away from traditional industries.

Convergence with Traditional Finance: The lines between traditional finance and impact finance will continue to blur, as sustainable and impact-driven investment strategies become an integral part of mainstream financial offerings.

11.9.7 Illustrative Case Studies and Diverse Applications

To bring the concepts of impact financing to life, it's crucial to examine real-world examples across various sectors and geographies. These case studies demonstrate how diverse financial instruments are deployed to generate measurable social and environmental outcomes alongside financial returns.

- **Renewable Energy in Sub-Saharan Africa (Blended Finance):** Many solar home system companies in countries like Kenya or Tanzania have leveraged blended finance models. Philanthropic grants or concessional loans from development finance institutions (DFIs) provide the crucial first-loss capital, de-risking the investment for private equity funds and commercial banks. This enables the deployment of off-grid solar solutions, providing clean energy access to rural communities, reducing reliance on fossil fuels, and creating local employment. The impact is measured in terms of households electrified, reduction in carbon emissions, and income generation for users.
- **Affordable Housing in Latin America (Social Bonds):** Issuers in countries like Mexico or Colombia have utilized social bonds to fund the construction or renovation of affordable housing units for low-income families. The proceeds are meticulously tracked, and impact reports detail the number of units built, families housed, and improvements in



living conditions (e.g., access to sanitation, safety). These bonds attract investors seeking stable returns while contributing to SDG 11 (Sustainable Cities and Communities).

- **Digital Education for Underserved Youth (Impact Venture Capital):** Across South Asia and Africa, impact venture capital funds are investing in ed-tech startups that provide accessible and affordable digital learning platforms for children and youth in underserved areas. For example, a company developing AI-powered adaptive learning tools for rural students might receive funding. The impact is measured by student engagement, learning outcomes (e.g., test scores, graduation rates), and improved access to quality education (SDG 4). The financial return comes from the growth and scaling of these innovative educational enterprises.
- **Sustainable Agriculture in Southeast Asia (Sustainability-Linked Loans):** Agricultural cooperatives or food processing companies are increasingly taking out Sustainability-Linked Loans (SLLs). The interest rates are tied to achieving specific sustainability targets, such as reducing water usage, minimizing pesticide application, or ensuring fair wages for farmers. This incentivizes sustainable practices across the supply chain, leading to environmental benefits (e.g., soil health, water conservation) and social benefits (e.g., improved farmer livelihoods), while the company benefits from potentially lower borrowing costs.

11.9.8 Global Legal and Regulatory Frameworks

Beyond India, the global regulatory landscape for sustainable finance is rapidly evolving, influencing disclosure requirements, investment classifications, and market practices. Understanding these frameworks provides crucial context for global impact investing.

- **European Union (EU) Sustainable Finance Disclosure Regulation (SFDR):**
 - **Purpose:** SFDR aims to increase transparency regarding sustainability risks and impacts within the financial services sector. It requires financial market participants (e.g., asset managers, institutional investors) to disclose how they integrate sustainability risks and consider adverse sustainability impacts in their investment decisions.
 - **Classification:** It introduces a product classification system:
 - **Article 6:** Funds that do not promote ESG characteristics.
 - **Article 8 ("Light Green"):** Funds that promote environmental or social characteristics.
 - **Article 9 ("Dark Green"):** Funds that have a sustainable investment objective.



- **Impact:** SFDR drives greater accountability, standardizes disclosures, and helps prevent "greenwashing" by mandating specific reporting on sustainability-related aspects. It also interacts with the EU Taxonomy Regulation, which defines environmentally sustainable economic activities.
- **US Securities and Exchange Commission (SEC) Guidance on ESG Disclosures:**
 - **Approach:** While the US approach has historically been more principles-based compared to the EU's prescriptive regulations, the SEC has been increasingly focused on enhancing ESG disclosures. Recent guidance aims to ensure that public companies provide consistent, comparable, and reliable information about climate-related risks and opportunities.
 - **Focus:** The SEC's efforts primarily focus on financially material ESG information that could impact a company's performance or investor decisions. This includes disclosures on climate risks (physical and transition), greenhouse gas emissions, and board oversight of climate-related matters. The evolving nature of this guidance reflects ongoing debates on the scope and mandatory nature of ESG reporting in the US.
- **International Standards (e.g., ISSB):** The International Sustainability Standards Board (ISSB) is developing a global baseline of sustainability-related financial disclosures to meet the information needs of investors. Its standards aim to provide a comprehensive global baseline of sustainability disclosures, which can be built upon by jurisdictions for specific local needs. This promotes global consistency and comparability for sustainability reporting.

11.9.9 Advanced Impact Measurement and Management (IMM) Tools

Effective impact measurement is critical for demonstrating the authenticity and effectiveness of impact investments. The field of Impact Measurement and Management (IMM) continues to evolve with more sophisticated tools and frameworks.

- **Impact Management Project (IMP):** The IMP provides a globally recognized framework for understanding and articulating impact. It defines "impact" across five dimensions:
 - **What:** What outcome does the enterprise contribute to?
 - **Who:** Who experiences the outcome (and are they underserved)?
 - **How Much:** How much of the outcome occurs (scale, depth, duration)?
 - **Contribution:** Is the outcome attributable to the enterprise's activities?
 - **Risk:** What is the risk that the impact does not happen? The IMP has significantly influenced other frameworks like the Operating Principles for Impact Management (OPIM) by the International Finance Corporation (IFC).



- **IRIS+:** Developed by the Global Impact Investing Network (GIIN), IRIS+ is a comprehensive system for impact investors to measure, manage, and optimize their impact. It provides a catalog of generally accepted performance metrics, helping investors define their impact goals, identify relevant metrics, collect data, and report on performance. IRIS+ is widely used as a standard for communicating impact performance.
- **Satellite Data and Remote Sensing:** For environmental impact, technologies like satellite imagery and remote sensing are becoming increasingly vital. They can monitor deforestation, land use changes, water stress, agricultural yields, and even air quality, providing objective and verifiable data on environmental outcomes at scale.
- **Artificial Intelligence (AI) and Machine Learning (ML):**
 - **Data Analysis:** AI can process vast amounts of unstructured data (e.g., news articles, social media, company reports) to identify ESG risks and opportunities, detect trends, and perform sentiment analysis related to impact.
 - **Predictive Modeling:** ML algorithms can predict potential environmental impacts of projects, optimize resource allocation for social programs, and forecast the likelihood of achieving impact targets.
 - **Automated Reporting:** AI can automate the collection, aggregation, and reporting of impact data, significantly reducing the manual effort involved and improving reporting frequency and accuracy.

11.9.10 Investment Trends by Sector and SDG Alignment

Impact financing is increasingly aligned with the UN Sustainable Development Goals (SDGs), providing a universal language and framework for investors. Trends often reflect the most pressing global challenges and opportunities.

- **Clean Energy (SDG 7, 13):** This remains a cornerstone of impact investing, with significant capital flowing into renewable energy generation (solar, wind, hydro), energy efficiency solutions, and clean transportation. The drive for decarbonization and energy access in emerging markets fuels continued investment.
- **Financial Inclusion (SDG 1, 8, 10):** Investments in microfinance, digital payment solutions, affordable credit for MSMEs, and challenger banks focusing on underserved populations continue to grow, aiming to reduce poverty, promote decent work, and reduce inequalities.
- **Sustainable Food and Agriculture (SDG 2, 12, 15):** Focus areas include sustainable farming practices, food waste reduction technologies, agricultural supply chain efficiency, and innovations in alternative proteins. These investments aim for zero hunger, responsible consumption, and life on land.



- **Affordable Healthcare and Education (SDG 3, 4):** Investments target accessible healthcare services (e.g., telemedicine, affordable clinics), medical device innovation for low-income settings, and quality education initiatives (e.g., ed-tech, vocational training, early childhood development), especially in rural and underserved areas.
- **Water and Sanitation (SDG 6):** Financing for clean water infrastructure, wastewater treatment, and sanitation solutions, particularly in developing regions, remains a critical impact sector.
- **Circular Economy (SDG 12):** A growing area, focusing on businesses that promote waste reduction, recycling, reuse, and sustainable product design, shifting from a linear to a circular economic model.

11.9.11 Financial Performance and Risk Management in Impact Investing

A common misconception about impact investing is that it necessarily entails a financial sacrifice. While "impact-first" investments might prioritize social returns over market-rate financial returns, a significant portion of the market aims for competitive financial performance.

- **Financial Performance:**
 - **Growing Evidence:** Numerous studies and reports, particularly from organizations like the GIIN (Global Impact Investing Network), demonstrate that impact investments, especially those in private markets (venture capital, private equity), can achieve competitive, market-rate, or even above-market financial returns. This is particularly true for "finance-first" impact investors.
 - **Varying Return Expectations:** It's crucial to understand that impact investors have diverse return expectations, ranging from capital preservation to market-rate returns. This spectrum allows for flexibility depending on the investor's objectives and risk appetite.
 - **Risk-Adjusted Returns:** Impact investments often exhibit strong risk-adjusted returns, as companies with robust ESG practices tend to be more resilient, innovative, and better positioned for long-term growth, mitigating certain non-financial risks.
- **Risk Mitigation Strategies Specific to Impact Investing:**
 - **Blended Finance Structures:** As previously discussed, blending different types of capital (concessional, commercial) can significantly de-risk impact projects, making them attractive to mainstream investors. The concessional layer absorbs initial losses, providing a cushion for commercial investors.
 - **First-Loss Guarantees:** These are financial instruments, often provided by philanthropic or public entities, that cover a specified percentage of losses on an



investment portfolio. This encourages private investors to participate in higher-risk, higher-impact ventures.

- **Technical Assistance Facilities:** Alongside financial capital, many impact investments are paired with technical assistance (e.g., management consulting, capacity building) for investee companies. This strengthens their operational capabilities, improves governance, and increases their likelihood of success, thereby reducing investment risk.
- **Insurance-Backed Instruments:**
 - **Political Risk Insurance:** Protects against losses from political instability, expropriation, or currency inconvertibility in emerging markets, which can be critical for large-scale impact projects.
 - **Performance Guarantees:** In some outcome-based financing models (like DIBs), an insurer might guarantee certain outcomes, providing a layer of security for outcome payers or investors.
 - **Impact Bonds (Risk Sharing):** The very structure of Development Impact Bonds (DIBs) involves risk sharing. Investors take on the performance risk, and outcome funders only pay if results are achieved, aligning incentives and mitigating outcome funder risk.
- **Local Partnerships and Market Understanding:** Collaborating with local partners and having deep market knowledge helps in understanding and mitigating context-specific risks (e.g., regulatory changes, social acceptance, supply chain issues).

11.9.12 Stakeholder Engagement and Collaborative Partnerships

Scaling impact initiatives often requires a collaborative ecosystem, bringing together diverse stakeholders to leverage their unique strengths. Partnerships are fundamental to achieving systemic change.

- **Investor-Investee Partnerships:** Beyond capital, impact investors often provide strategic guidance, technical assistance, and access to networks to their portfolio companies, fostering their growth and strengthening their impact.
- **Public-Private Partnerships (PPPs):** Governments are increasingly collaborating with private impact investors and enterprises to deliver public goods and services (e.g., infrastructure, healthcare, education). PPPs can leverage private sector efficiency and innovation while addressing public needs.
- **NGOs and Civil Society Organizations (CSOs):** NGOs often serve as crucial implementers of social programs or as key partners in identifying community needs and



evaluating impact. Their local presence and expertise are invaluable for ensuring that impact investments are culturally appropriate and effective.

- **Development Finance Institutions (DFIs) and Multilateral Development Banks (MDBs):** These institutions play a catalytic role by providing concessional capital, guarantees, and technical assistance, which de-risks projects and mobilizes private capital into challenging markets and sectors.
- **Local Communities:** Engaging directly with local communities is essential for ensuring that interventions are relevant, sustainable, and truly beneficial. Their input in project design, implementation, and impact monitoring is crucial.
- **Examples of Successful Collaborations:**
 - **Global Health Initiatives:** Partnerships between pharmaceutical companies, philanthropic foundations (e.g., Gates Foundation), governments, and impact investors to develop and distribute vaccines or essential medicines in low-income countries.
 - **Climate Funds:** Large-scale climate funds often involve a consortium of institutional investors, governments, and MDBs pooling resources to finance renewable energy projects, climate adaptation initiatives, and green infrastructure in emerging economies.
 - **Food Security Programs:** Collaborations among agricultural technology firms, smallholder farmer cooperatives, impact investors, and government agricultural departments to introduce sustainable farming techniques, improve market access, and enhance food security.

11.9.13 Policy Advocacy and Enabling Environment

While impact finance mobilizes private capital, a supportive policy and regulatory environment is critical for its growth and effectiveness. Advocacy initiatives play a key role in shaping this landscape.

- **Influencing Policy Frameworks:** Impact investors and their representative organizations (e.g., GIIN, GSG - Global Steering Group for Impact Investment) actively engage with policymakers to:
 - **Standardize Definitions:** Advocate for clear, consistent definitions of sustainable and impact investments to reduce greenwashing and improve market integrity.
 - **Introduce Incentives:** Propose tax incentives, grants, or other financial mechanisms to encourage private capital flow into high-impact sectors.
 - **Streamline Regulations:** Push for regulations that simplify the process for impact enterprises to raise capital and for investors to deploy it.



- **Promote Disclosure:** Champion mandatory and robust ESG and impact disclosure requirements for companies and financial products.
- **Governmental Initiatives:** Beyond direct policy, governments can also foster an enabling environment through:
 - **National Sustainable Finance Roadmaps:** Developing comprehensive strategies that outline how financial systems can support national sustainability goals (e.g., net-zero targets, social equity).
 - **Public Awareness Campaigns:** Educating the public and mainstream investors about the benefits and opportunities in impact investing.
 - **Catalytic Funds:** Establishing public funds that co-invest with private capital or provide grants to de-risk pioneering impact ventures.
- **Example Advocacy Efforts:** Organizations like The Investor Agenda bring together institutional investors to advocate for strong climate policies and provide guidance on climate action plans. Industry associations like the Indian Venture and Alternate Capital Association (IVCA) also engage with SEBI and other regulators to shape policies beneficial for the broader alternative investment space, including impact funds.

MULTIPLE CHOICE QUESTIONS

1. **What sets sustainable finance apart from traditional finance when making investment decisions?**
 - a) Prioritizes quick returns over long-term impacts
 - b) **Considers environmental, social, and governance (ESG) factors alongside financial returns**
 - c) Focuses exclusively on environmental benefits, ignoring financial metrics
 - d) Avoids any risk assessment related to social issues
2. **Why is aligning financial flows with pathways toward low greenhouse gas emissions vital?**
 - a) It guarantees immediate profit increases.
 - b) **It supports economic activities that help achieve climate-resilient development goals.**
 - c) It eliminates the need for corporate governance.
 - d) It focuses only on energy-intensive industries.



3. **What is the primary objective of issuing green bonds?**
 - a) To finance any corporate expenditure
 - b) **To raise funds specifically for projects with positive environmental impacts**
 - c) To increase short-term market speculation
 - d) To replace equity financing in corporations
4. **How do blue bonds contribute uniquely to sustainable development?**
 - a) **They fund sustainable use and conservation of ocean and water resources.**
 - b) They focus exclusively on renewable energy projects on land.
 - c) They finance only urban transportation infrastructure.
 - d) They prioritize social development projects unrelated to the environment.
5. **Why is a robust monitoring, reporting, and verification (MRV) framework crucial in carbon credit schemes?**
 - a) To allow unchecked issuance of credits
 - b) To maximize trading volumes without accountability
 - c) **To ensure emission reductions are credible and verifiable**
 - d) To enable entities to avoid emission reduction obligations
6. **What conceptual advantage do Renewable Energy Certificates (RECs) provide?**
 - a) Guarantee physical delivery of renewable electricity to buyers
 - b) **Represent environmental benefits separate from the actual electricity generated**
 - c) Mandate mandatory purchase of renewable electricity by all consumers
 - d) Provide direct financial subsidies to renewable generators
7. **What makes sustainability-linked loans (SLLs) innovative in impact financing?**
 - a) Interest rates are fixed regardless of sustainability performance
 - b) **Loan pricing adjusts based on the borrower's achievement of sustainability targets**
 - c) Funds are strictly earmarked for green projects only
 - d) They do not require any sustainability reporting



8. **How do voluntary carbon markets fundamentally differ from compliance carbon markets?**
 - a) Voluntary markets operate under strict government regulation
 - b) **Compliance markets enforce mandatory emission caps; voluntary markets are optional**
 - c) Compliance markets do not involve carbon credits
 - d) Voluntary markets are restricted to developing countries
9. **How do Green Credit Programs differ from Carbon Credit Trading Schemes in India?**
 - a) **Green Credit Programs reward voluntary environmental actions across multiple areas, not limited to carbon reductions**
 - b) Green Credit Programs are compliance-based; Carbon Credit Schemes are voluntary
 - c) Both programs are identical in scope and administration
 - d) Green Credit Programs do not allow trading of credits
10. **Why is integrating ESG disclosure standards like IFRS S1 and S2 important?**
 - a) To reduce company reporting obligations
 - b) **To standardize sustainability reporting and increase investor transparency**
 - c) To focus only on financial performance metrics
 - d) To exempt companies from disclosing climate risks
11. **What is the strategic role of sovereign green bonds in sustainable finance?**
 - a) To eliminate private sector participation in green projects
 - b) **To demonstrate government leadership and mobilize capital for environmental projects**
 - c) To increase government debt without accountability
 - d) To fund only social welfare projects
12. **Why must green bond issuers have a clear allocation and tracking framework for proceeds?**
 - a) To enable flexible use of funds without restrictions



- b) **To ensure funds are used solely for environmental projects and maintain investor trust**
 - c) To minimize reporting to regulators
 - d) To facilitate speculative trading on bonds
13. **What distinguishes impact investing from traditional investing?**
- a) Impact investing ignores financial returns
 - b) **It explicitly aims to generate measurable social/environmental impact alongside financial returns**
 - c) It avoids measurable outcomes
 - d) It focuses only on philanthropy without financial returns
14. **What purpose do Social Stock Exchanges (SSEs) serve?**
- a) Provide platforms only for traditional equity trading
 - b) **Enable social enterprises to raise capital through innovative instruments like zero coupon zero principal bonds**
 - c) Restrict retail investors from social finance
 - d) Operate without regulatory oversight
15. **How do sustainability-linked bonds differ from green bonds?**
- a) **SLBs link financial terms to sustainability performance but don't restrict use of proceeds**
 - b) Green bonds have variable interest rates tied to sustainability targets
 - c) SLBs finance only social projects
 - d) There is no difference
16. **How does carbon trading incentivize emission reductions?**
- a) Through fixed fines on all emitters regardless of performance
 - b) **By enabling entities that reduce emissions below targets to sell excess allowances**
 - c) By mandating fixed emission levels without flexibility
 - d) Through government subsidies unrelated to emissions



17. **What is the effect of removing fixed price bands in REC trading?**
- a) Prevents market price discovery
 - b) **Encourages dynamic market-driven pricing and flexibility**
 - c) Guarantees minimum price to producers
 - d) Restricts REC trading to government entities
18. **Why is awareness and capacity building vital for green bond market growth in emerging economies?**
- a) It replaces regulatory frameworks
 - b) **It helps investors and issuers understand benefits and risks, boosting participation**
 - c) It guarantees high returns regardless of project quality
 - d) It limits investor choices
19. **What characterizes impact venture capital funds?**
- a) Prioritize short-term profits only
 - b) **Focus on startups that generate measurable social/environmental impact with financial returns**
 - c) Avoid financial reporting
 - d) Invest only in large corporations
20. **What key environmental benefit do blue bonds provide in India's context?**
- a) **Support sustainable use of marine ecosystems and coastal resilience**
 - b) Fund offshore fossil fuel extraction
 - c) Finance agricultural land development
 - d) Prioritize inland water resource projects only
21. **Why must obligated entities meet emission intensity targets in carbon trading schemes?**
- a) **To fulfill environmental accountability and earn tradable credits for exceeding targets**
 - b) To avoid monitoring and reporting requirements



- c) To receive subsidies without performance
 - d) To qualify for unrelated incentives
- 22. How does the Green Credit Program incentivize environmental actions?**
- a) Only issues credits for carbon emission reductions
 - b) **Awards credits for diverse activities like afforestation, water conservation, pollution control**
 - c) Penalizes companies without rewards
 - d) Limits participation to large companies
- 23. What challenge arises from having both carbon credits and green credits for similar activities?**
- a) **Risk of double counting without coordination and safeguards**
 - b) They are fully interchangeable
 - c) They eliminate the need for verification
 - d) They discourage private participation
- 24. How do sustainability-linked financial products motivate companies?**
- a) **By imposing financial penalties if sustainability targets aren't met**
 - b) By offering fixed rates regardless of performance
 - c) By restricting capital access
 - d) By ignoring ESG factors in finance
- 25. What role does SEBI play in sustainable finance markets?**
- a) Monitors only traditional securities
 - b) **Develops disclosure frameworks and guidelines for transparency and investor protection in ESG finance**
 - c) Discourages green bond issuance
 - d) Exempts ESG products from oversight

CASE STUDIES

Case Study 1: HDFC Bank's ESG Risk Integration Model (Sustainable Finance)

HDFC Bank, India's largest private sector lender, has institutionalized a comprehensive Environmental, Social, and Governance (ESG) Risk Management Policy to embed



sustainability into its core credit appraisal processes. This policy is particularly pertinent for wholesale banking exposures exceeding ₹50 crore, where a detailed ESG assessment is mandated.

The bank's ESG risk assessment framework evaluates borrowers on multiple parameters, including:

- **Environmental Factors:** Assessment of air and water pollution levels, greenhouse gas emissions, hazardous waste management practices, and adherence to environmental regulations.
- **Social Considerations:** Evaluation of employment generation, compliance with labor laws, human rights practices, and the impact on local communities.
- **Governance Aspects:** Review of corporate governance structures, ethical business practices, and transparency in operations.

These assessments are integrated into the Credit Appetite Memorandum (CAM) for each borrower, ensuring that ESG risks are factored into lending decisions. The bank's ESG Apex Council, comprising senior members from various departments, oversees the implementation of ESG strategies and ensures alignment with the bank's sustainability goals.

Furthermore, HDFC Bank has committed to achieving carbon neutrality in its operations by FY2032. Initiatives towards this goal include adopting renewable energy solutions, enhancing energy efficiency, and reducing the carbon footprint across its operations.

By integrating ESG considerations into its risk assessment and lending practices, HDFC Bank not only mitigates potential risks but also promotes sustainable development and responsible banking in India.

HDFC Bank ESG Policy Framework: <https://www.hdfcbank.com/content/api/contentstream-id/723fb80a-2dde-42a3-9793-7ae1be57c87f/339fb469-4c56-4e89-9d50-5b34e98f0b0b>

HDFC Bank Sustainable Finance Framework:

https://www.hdfcbank.com/content/bbp/repositories/723fb80a-2dde-42a3-9793-7ae1be57c87f/?path=%2FFooter%2FAbout+Us%2FCorporate+Governance%2FCodes+and+Policie%2Fpdf%2FSustainable_Finance_Framework_December2023.pdf

Economic Times Article on HDFC Bank's ESG Risk Assessment:

<https://m.economictimes.com/industry/banking/finance/banking/esg-compliant-risk-assessment-in-focus-for-hdfc-bank/articleshow/113369173.cms>



Case Study 2: Ahmedabad's Green Municipal Bond for Climate-Resilient Urban Infrastructure

In January 2019, the Ahmedabad Municipal Corporation (AMC) made a significant stride in sustainable urban financing by issuing a green municipal bond worth ₹200 crore (approximately USD 26.2 million). This initiative aimed to fund environmentally friendly projects, including waste management, water supply enhancements, and the cleaning of the Sabarmati River. The bond had a five-year maturity period and offered an interest rate of 8.7%.

The issuance met with overwhelming investor interest, being oversubscribed by 5.42 times and attracting ₹1,085 crore (USD 142.6 million) from 19 institutional investors. This strong demand was largely attributed to AMC's robust financial health and governance, evidenced by its AA+ credit rating from both CRISIL and India Ratings.

- Factors contributing to this rating included consistent budget adherence in projects under the Jawaharlal Nehru National Urban Renewal Mission (JNNURM) since 2008,
- a surplus of income over expenditure from 2014 to 2018,
- increased tax and non-tax revenues, and
- reduced power and interest costs through loan restructuring.

The success of this green bond issuance highlights the potential of municipal bonds as effective tools for financing climate-resilient urban development. It also underscores the importance of strong financial management and governance in attracting investor confidence. Government initiatives like the Atal Mission for Rejuvenation and Urban Transformation (AMRUT) and regulatory support from the Securities and Exchange Board of India (SEBI), which eased rules for municipal bond issuance and allowed foreign portfolio investments, played a crucial role in facilitating this achievement.

<https://southasia.iclei.org/wp-content/uploads/2021/09/Ahmedabad-Green-Municipal-Bond-Case-Study-2.pdf>

<https://cmogujarat.gov.in/en/latest-news/gujarat-cm-lists-green-bond-in-bse>

Case Study 3: Green Credits through Community Afforestation (Green Credits)

India's Green Credit Programme (GCP), launched in October 2023 under the Ministry of Environment, Forest and Climate Change, aims to incentivize voluntary environmental actions by individuals, industries, and organizations. A key component of the programme is promoting tree plantation on degraded forest lands, thereby enhancing ecosystem services and biodiversity.

As of April 2024, Madhya Pradesh has emerged as the frontrunner in implementing the GCP, with 954 hectares of degraded forest land approved for afforestation activities. This accounts for the largest share among the over 10,000 hectares identified across 13 states for the



programme. Other leading states include Telangana (845 hectares), Chhattisgarh (713 hectares), Gujarat (595 hectares), and Assam (454 hectares).

The Indian Council of Forestry Research and Education (ICFRE) serves as the administrator of the GCP, overseeing the approval of land parcels and ensuring adherence to the programme's guidelines. Participants in the programme, including public sector undertakings, private companies, and individuals, can earn green credits by undertaking plantation activities on these approved lands. These credits are envisioned to be tradable in the future, providing a market-based mechanism to promote environmental stewardship.

Union Environment Secretary Leena Nandan highlighted that the GCP is designed to encourage environmental positive actions beyond carbon sequestration, such as improving soil quality, water conservation, and enhancing local biodiversity. The selection of tree species for plantation is tailored to the specific ecological conditions of each site, focusing on indigenous species to promote natural regeneration.

While the programme has garnered significant participation, some experts have raised concerns about potential conflicts arising from the use of degraded forest lands, especially regarding the rights of tribal communities. Ensuring that the implementation of the GCP respects existing rights and promotes inclusive participation remains a critical consideration.

Madhya Pradesh's proactive engagement with the GCP sets a precedent for other states, demonstrating the potential of collaborative efforts between government bodies, private entities, and local communities in advancing India's environmental objectives.

<https://timesofindia.indiatimes.com/india/with-954-hectares-mp-leads-in-tree-plantation-under-green-credit-plan/articleshow/109295497.cms>

Case Study 4: Biomass Power Projects in Tamil Nadu and Rajasthan (Carbon Credits)

In the agrarian heartlands of Tamil Nadu and Rajasthan, a series of innovative biomass power projects demonstrated the dual potential of rural development and climate mitigation. These initiatives harnessed locally available agricultural residues—such as cotton stalks, mustard husks, and groundnut shells—to produce clean electricity, displacing fossil-fuel-based alternatives that are typically more polluting.

Each project was registered under the Clean Development Mechanism (CDM), a framework under the Kyoto Protocol that allows emission-reduction projects in developing countries to earn Certified Emission Reductions (CERs). With an average capacity of around 6–7.5 MW per plant, these installations generated approximately 20,000 to 30,000 CERs per year. These carbon credits were monetized through international transactions, primarily with European carbon buyers, providing a steady revenue stream to project developers.



Beyond emissions reduction, the projects had substantial co-benefits. They created employment opportunities in fuel collection and plant operations, reduced the burning of agricultural waste in open fields, and demonstrated the viability of decentralized renewable energy infrastructure in remote areas. In doing so, these biomass power plants became a model for how carbon finance can be leveraged to empower rural economies while contributing meaningfully to global climate goals.

<https://www.inforse.org/asia/pdf/Pub India%20carbon%20credit 2014.pdf>

Case Study 5: UltraTech Cement's \$500 Million Sustainability-Linked Loan (SLL)

In 2024, UltraTech Cement, India's largest cement producer, raised \$500 million through a sustainability-linked loan (SLL), reinforcing its commitment to integrating environmental targets with its financing strategy. The loan is tied to key ESG performance indicators, primarily focusing on reducing carbon emissions and increasing the share of renewable energy in its operations.

This financing marks UltraTech's second sustainability-linked loan, following a \$400 million deal in 2021, and was provided by a consortium of six leading banks, including Sumitomo Mitsui Banking Corporation, State Bank of India, BNP Paribas, DBS Bank, MUFG Bank, and Mizuho Bank. The interest rate on the loan is linked to UltraTech's progress against pre-set sustainability goals, incentivizing the company to meet or exceed its carbon reduction targets.

Beyond providing capital for ongoing projects and operational improvements, the loan represents a strategic shift towards sustainable finance in the Indian corporate sector. It demonstrates how companies can align their funding mechanisms with broader climate commitments, encouraging innovation and accountability. UltraTech's SLL stands as a benchmark for how sustainability-linked financial instruments are gaining traction in emerging markets, driving both environmental impact and business value.

<https://www.reuters.com/world/india/indias-ultratech-cement-raises-500-mln-via-sustainability-linked-financing-2024-08-26/>

MODULE 12

CONTEMPORARY ESG LATEST TOPICS

This module explores the latest developments in Environmental, Social, and Governance (ESG), focusing on emerging topics such as sustainability and financial information, carbon taxation, climate risk resilience, greenwashing, and due diligence. The goal is to provide an in-depth understanding of these critical issues and their impact on businesses, investors, and regulatory frameworks.

Key Learning Areas:

- **Connecting Sustainability and Financial Information:** Explore how ESG factors are integrated into financial reporting with frameworks like Integrated Reporting and IFRS S1/S2.
- **Carbon Taxation and Carbon Border Adjustment Mechanism (CBAM):** Learn how carbon taxes and CBAM address carbon leakage, particularly in sectors like steel and aluminium, impacting global trade.
- **Climate Risk Resilience:** Examine how businesses and governments are adapting to climate-related physical and transition risks, including India's RBI framework.
- **Greenwashing:** Investigate the rise of greenwashing, its regulatory crackdown, and its impact on consumer trust and market credibility.
- **Due Diligence and Its Impact in ESG:** Understand the role of due diligence in assessing ESG risks across various areas like ABAC, cybersecurity, and safety in corporate decisions.

12.1 CONNECTING SUSTAINABILITY AND FINANCIAL INFORMATION

12.1.1 Introduction

In today's rapidly evolving business landscape, sustainability and financial performance are no longer independent or isolated considerations. A company's annual report contains three key areas that provide insights into the business model and strategy: the financial statements; the sustainability disclosures; and management's discussion and analysis (MD&A).

When these elements are presented in isolation, organizations risk increased scrutiny from investors, regulators, and other stakeholders—particularly concerning climate-related issues and other emerging uncertainties. Effective reporting, therefore, requires not only compliance with relevant standards but also a clear demonstration of how financial and non-financial information interrelate to provide a holistic view of performance and risk.



Moreover, as companies pursue growth driven by value creation, sustainability-linked targets must be thoughtfully aligned with stakeholder expectations, business relevance, and the broader corporate strategy. This alignment ensures that sustainability initiatives contribute meaningfully to long-term value while meeting the evolving demands of stakeholders.

12.1.2 Materiality as the Foundation of Connected Sustainability

Materiality serves as the cornerstone of effective connected sustainability and financial reporting. Unlike traditional financial materiality, which focuses solely on information that influences investors' economic decisions, connected reporting adopts a broader perspective known as **double materiality**. This concept requires organizations to evaluate not only how environmental, social, and governance (ESG) issues affect their financial condition but also how their own business activities impact society and the environment. This dual lens ensures that companies address the most significant sustainability topics that matter both internally and externally.

The process begins with a thorough materiality assessment, where companies engage stakeholders—such as investors, customers, employees, regulators, and communities—and leverage data-driven analyses

- **Identifying and Prioritizing Material ESG Topics:** Organizations begin by identifying and prioritizing ESG topics that have the greatest relevance to their business success and societal impact. This ensures focus on issues that matter most both internally and externally.
- **Mapping Material Topics to Business Operations and Stakeholders:** These prioritized topics are then mapped to the company's business activities and stakeholder concerns, establishing a vital connection between internal performance metrics and external impacts.
- **Understanding Financial Risks and Opportunities:** A deep understanding of sustainability issues within the context of financial risks and opportunities is critical. ESG factors can influence operational costs, regulatory compliance, brand reputation, and competitive positioning.
- **Embedding Sustainability in Risk Management:** To effectively manage these risks and leverage opportunities, companies integrate sustainability considerations into their enterprise risk management frameworks, allowing for a holistic view of risk.
- **Setting Targets and KPIs for Risk Mitigation:** Clear targets and key performance indicators (KPIs), aligned with strategic business objectives, provide measurable guidance for managing and mitigating ESG-related risks. Sustainability goals and targets should be embedded within core value creation processes rather than treated as separate initiatives.



Leading reporting frameworks, such as the Corporate Sustainability Reporting Directive (CSRD) and IFRS Sustainability Disclosure Standards (IFRS S1 and S2), provide guidance on transparently communicating these connections.

Additionally, firms utilize sustainability-linked financial instruments, like green bonds or loans, which tie financing terms to the achievement of ESG milestones—reinforcing accountability and fostering continuous improvement.

12.1.3 Impact of Net Zero and Other Sustainability Goals on Traditional Decision-Making

Across industries, traditional financial decision-making functions are undergoing a fundamental transformation as sustainability considerations become integral to business operations. The convergence of environmental, social, and governance (ESG) factors with financial analysis is reshaping how organizations approach critical decisions—enhancing value creation, managing risks, and aligning with stakeholder expectations.

- **Mergers and Acquisitions (M&A) Decisions:** Sustainability due diligence commonly known as ESG Due Diligence has become a critical part of any investment and M&A process. Evaluating a target company's ESG performance helps identify potential risks, including environmental liabilities, regulatory compliance issues, and social controversies, which may affect valuation and deal terms. Strong ESG profiles may also present opportunities for synergies, improved innovation, and market differentiation post-acquisition. Consequently, sustainability factors are integrated alongside financial analysis to provide a holistic view of value and risk.
- **Procurement Decisions:** Procurement is evolving beyond traditional criteria like price and quality to include ESG factors such as supplier environmental performance, labor standards, and governance practices. Sustainable procurement reduces risks related to supply chain disruptions, regulatory penalties, and reputational damage, while supporting corporate sustainability commitments. Incorporating sustainability into supplier evaluation ensures procurement decisions contribute to long-term resilience and operational efficiency.
- **Financing Decisions:** Sustainability considerations influence corporate financing by affecting access to capital and financing costs. The rise of green bonds, sustainability-linked loans, and ESG-focused investment funds reflects investor and lender demand for responsible business practices. Embedding ESG data in credit risk assessments and investor communications helps companies secure favourable financing terms and build trust with capital providers. This alignment promotes sustainable growth and financial stability.
- **Strategy Decisions:** Sustainability is increasingly central to corporate strategy, shaping investment priorities and business models. Financial planning now incorporates ESG



risks and opportunities such as climate change scenarios, regulatory shifts, and changing consumer preferences. Aligning sustainability goals with strategic objectives enables companies to allocate resources effectively, innovate responsibly, and maintain competitive advantage in a sustainability-conscious marketplace.

- **Costing Decisions:** Costing decisions are also deeply influenced by sustainability considerations. Companies analyse the full life-cycle costs of products and operations—including environmental and social externalities—to arrive at more accurate and responsible cost structures. Incorporating costs related to waste management, carbon emissions, energy consumption, and social impact ensures pricing reflects true resource use and risk exposure. This approach encourages investment in cleaner technologies and process improvements that reduce operational costs over time. Additionally, sustainability-focused costing supports transparent reporting and helps meet regulatory and stakeholder expectations for responsible financial management.

12.1.4 Impact of Traditional Decision-Making on Net Zero and Other Sustainability Goals

As companies worldwide commit to ambitious sustainability targets—such as achieving Net Zero carbon emissions, advancing circular economy principles, and meeting the United Nations Sustainable Development Goals (SDGs)—the alignment of financial decisions with these objectives becomes paramount. These commitments are not merely environmental aspirations but strategic imperatives that demand integrated planning across all business functions.

However, the pursuit of such goals can be seriously undermined if financial decision-making remains disconnected from sustainability considerations.

For example,

- **Investments decision:** Investment in high-emission assets or projects without evaluating their carbon footprint and transition risks can lock companies into unsustainable pathways, jeopardizing long-term viability and regulatory compliance.

UBS revealed in its 2024 Sustainability Report that it has pushed back its target to achieve net zero greenhouse gas (GHG) emissions in its operations by 10 years to 2035, from its prior 2025 goal, attributing the change largely because of the bank's acquisition of Credit Suisse.

- **Procurement decisions:** Procurement that neglect supplier sustainability profiles may expose firms to reputational damage or supply chain disruptions, counteracting efforts to build resilient and responsible operations.

*In the early 2010s, Apple faced intense scrutiny over labor conditions at some of its major suppliers, notably **Foxconn** and **Pegatron**, which manufacture iPhones and other devices.*



- **Financing Decision:** Non-integration also increases the risk of misallocating capital, where resources are diverted away from innovative, low-carbon technologies or sustainable business models toward legacy systems incompatible with future regulations or market expectations.

This dissonance can delay progress toward Net Zero and other sustainability goals, erode investor confidence, and limit access to emerging green finance instruments.

To safeguard against these risks, financial decisions must be holistically connected with sustainability strategies. This means embedding climate and sustainability risks into capital budgeting, risk management, and performance measurement frameworks.

By doing so, organizations can ensure that every financial choice actively supports and accelerates their sustainability ambitions, driving credible, measurable progress toward Net Zero and broader environmental and social objectives.

12.1.5 ESG Frameworks Enabling Connectivity

The integration of sustainability information with financial reporting is increasingly facilitated by a suite of evolving frameworks and standards that promote transparency, consistency, and comparability. These frameworks provide structured guidance on how organizations can effectively connect ESG factors with traditional financial disclosures, thereby supporting comprehensive decision-making by stakeholders.

A. Integrated Report:

Integrated Reporting (IR) is a framework designed to combine financial and non-financial information into a single, cohesive report. The goal is to provide stakeholders with a holistic view of an organization's performance, focusing on how financial, social, environmental, and governance factors contribute to value creation over time. Integrated Reporting is one of the first major attempts to establish connectivity between financial and sustainability (ESG) data, breaking down traditional silos that have typically separated these two domains.

In its essence, IR emphasizes the **long-term sustainability** of a business by showing how it uses various resources to create value. It requires companies to integrate **financial** data with **non-financial** (ESG) information, enabling stakeholders to assess risks, opportunities, and overall performance.

How the Six Capital Reporting Works:

The **Six Capitals** model, central to Integrated Reporting, categorizes the resources or capitals that a business uses to create value over time. The six capitals are:



- **Financial Capital:** This refers to the monetary resources available to the company, including equity, debt, and other financial assets. Example: Cash flow, capital investments, and profitability.
- **Manufactured Capital:** This includes the physical, tangible assets used in production, such as buildings, machinery, and infrastructure. Example: Manufacturing facilities, transportation systems, or IT infrastructure.
- **Intellectual Capital:** Refers to the intangible assets, such as patents, trademarks, company culture, and the intellectual property that drive innovation and competitive advantage. Example: R&D outcomes, technology platforms, or brand reputation.
- **Human Capital:** Refers to the skills, knowledge, and capabilities of a company's workforce. This is vital for productivity, innovation, and long-term value creation. Example: Employee training, leadership, workforce diversity, and talent retention.
- **Social and Relationship Capital:** This capital encompasses the relationships that the organization has with stakeholders, including customers, suppliers, communities, and regulators. Example: Partnerships, customer loyalty, stakeholder trust, or community engagement.
- **Natural Capital:** Involves the environmental resources and processes that the organization depends on, including raw materials, water, air quality, and ecosystems. Example: Resource extraction, environmental impact, and ecosystem services.

Value Creation Framework Model and Linkage of All Types of Inputs and Outputs:

The Value Creation Framework Model within Integrated Reporting connects all types of organizational inputs and outputs—financial, manufactured, intellectual, human, social, and natural capital. By reporting on how a company uses these capitals to generate both financial and ESG outcomes, Integrated Reporting illustrates the interconnectedness of all these factors.

- Input refers to the resources and capitals that organizations use to create value (e.g., financial resources, human talent, natural resources, or intellectual property).
- Output represents the products, services, or social and environmental benefits that the company generates through its operations (e.g., profit, carbon reductions, job creation, or community development).

This comprehensive framework enables stakeholders to see how a company's activities in different areas (such as investing in clean technology or workforce development)



create value across both financial and ESG dimensions. It demonstrates how a company's strategy is not only focused on financial profitability but also on contributing to environmental sustainability and social wellbeing.

For instance, a company might show how investments in human capital (e.g., employee training programs) lead to higher employee productivity, which results in both improved financial performance (increased revenue) and enhanced social impact (better community engagement). By integrating these inputs and outputs into a single report, the company highlights how its long-term value creation is interconnected with the management of its resources and the achievement of sustainability goals.

B. IFRS Sustainability Disclosure Standards (S1 and S2)

The IFRS Sustainability Disclosure Standards (S1 and S2) are a critical step in integrating ESG disclosures with financial reporting. These standards, developed by the International Financial Reporting Standards (IFRS) Foundation, provide companies with a unified framework for disclosing sustainability-related risks and opportunities alongside their traditional financial performance data. By aligning with existing financial reporting structures, IFRS S1 and S2 enable stakeholders to assess both financial performance and ESG considerations in a comprehensive manner.

Financial and ESG Performance Integration:

IFRS S1 and S2 help connect financial performance with sustainability factors by ensuring that key ESG issues, such as climate risks, governance, and social impact, are included in a company's financial disclosures. For example, a company may report on how climate change-related risks (such as regulatory changes or physical risks) impact its assets, liabilities, or capital expenditures.

Strategic Linkages Between Financial and ESG Data:

The framework integrates ESG and financial data, providing companies with the guidance to disclose how ESG risks and opportunities directly influence their financial strategies. This is particularly significant in today's global economy, where ESG factors are increasingly driving financial performance. For example, a company exposed to transition risks (such as changes in environmental regulations) can assess how these risks might affect future revenues, costs, or asset valuations. By requiring companies to disclose both financial and ESG impacts, IFRS S1 and S2 ensure that companies present a coherent narrative about their risk exposure and management, helping stakeholders understand the materiality of ESG issues in the context of overall business strategy.

**ESG-Linked Financial Metrics and KPIs:**

IFRS S1 and S2 drive the integration of **financial metrics** and **sustainability-linked KPIs**. These standards facilitate the linkage of ESG-related performance to financial outcomes, enabling companies to measure and report on sustainability performance in a way that directly correlates with their financial position. For example, companies might disclose metrics such as the **cost savings from energy efficiency improvements**, **investment returns from sustainable projects**, or the **financial impact of diversity and inclusion initiatives**.

C. GRI

The **Global Reporting Initiative (GRI)** is one of the most widely adopted frameworks for sustainability reporting. It offers organizations a structured approach to disclose their environmental, social, and governance (ESG) performance alongside traditional financial data. GRI's comprehensive standards help companies connect their **financial performance** with their **sustainability impacts**, ensuring that stakeholders can understand the full picture of a company's operations, risks, and long-term value creation.

Materiality in GRI Reporting:

A key element of GRI is the concept of materiality, which serves as the foundation for reporting both financial and ESG data. In GRI, materiality is considered from a double materiality perspective, meaning that companies must report:

- How ESG issues affect the company's financial performance (financial materiality).
- How the company's activities impact society and the environment (environmental and social materiality).

This dual approach ensures that companies do not just report on how sustainability factors influence financial performance but also reflect on how their business operations affect broader society and the environment.

Mandatory Reference to Compliance Risks:

Under the GRI Standards, companies are required to identify and report on compliance risks related to their ESG performance. These risks can stem from regulatory compliance issues, such as violations of environmental laws, labor rights, human rights, or governance standards. GRI ensures that organizations disclose how their actions align with legal requirements, and how any non-compliance could lead to legal or financial penalties, affecting their financial performance and reputation.



GRI Standards Covering Financial Parameters:

GRI indicators are designed to help companies measure and report their ESG impacts in a way that directly connects with **financial performance**. Key indicators in the GRI framework are linked to financial metrics such as **economic value added (EVA)**, **cost savings**, and **financial efficiency**.

- **Economic Value Added (EVA):** GRI indicators related to **economic performance** include the total **economic value generated and distributed** (e.g., revenue, operating costs, employee wages, and taxes paid). These indicators help assess the broader economic contribution of a company while directly connecting to **financial performance**. For example, a company might report how much of its **economic value** is reinvested into sustainable practices or local communities, enhancing both financial performance and social impact.
- **Intensity Indicators:** GRI includes **intensity indicators** that measure the efficiency of a company's operations, such as **carbon intensity** or **water usage intensity**, relative to **economic outputs** like revenue or production volume. These indicators help businesses assess how well they are managing their environmental footprint in relation to their financial activities, thereby linking **environmental impact** to **financial performance**.

Example: A manufacturing company might report on **CO2 emissions per unit of product** or **water usage per unit of revenue**, demonstrating both environmental efficiency and cost-effectiveness. By improving these intensity metrics, the company not only meets sustainability goals but also reduces costs, thereby contributing to enhanced financial performance.

D. BRSR

The integration of ESG data with financial performance metrics is critical for a comprehensive sustainability report. The Business Responsibility and Sustainability Report (BRSR) facilitates this connection by aligning claims related to environmental, social, and governance (ESG) performance with corresponding financial data. This enables businesses to present a more holistic view of their sustainability practices and financial health. Below is an overview of key ESG claims, their associated data, and the corresponding financial metrics:

- **Reducing GHG Emissions Year on Year**
 - **ESG Data:** GHG Emission Data
 - **Finance Data:** Turnover Intensity



- The claim focuses on a reduction in greenhouse gas emissions year on year, which is linked to GHG emission data. The corresponding financial metric, turnover intensity, reflects the economic efficiency of the emission reduction efforts relative to business revenues.
- **Ensuring Employee Wellbeing**
 - **ESG Data:** % of coverage on various benefits
 - **Finance Data:** Expenditure (as % of turnover) on wellbeing
 - The wellbeing of employees is directly connected to the provision of various benefits, such as healthcare and work-life balance initiatives. Financially, this is captured by the expenditure on employee wellbeing as a percentage of turnover, providing insight into the cost of maintaining a healthy and satisfied workforce.
- **Promoting Free and Open Trade**
 - **ESG Data:** Policy coverage
 - **Finance Data:** % of sales from dealer, % of purchase from Trading house, and % of transaction with Related Party Transactions (RPT)
 - Open trade policies are reflected in the company's commitment to transparent transactions, which is quantified by the share of sales from dealers, purchases from trading houses, and transactions with related parties. These financial data points provide a clear picture of the company's trade structure and its alignment with free trade principles.
- **Promoting Diversity**
 - **ESG Data:** % of female employees
 - **Finance Data:** % of gross wage paid to female employees
 - Promoting diversity, particularly gender diversity, is measured by the percentage of female employees within the organization. Financially, this is tracked by the percentage of gross wages allocated to female employees, reflecting the company's financial commitment to diversity and equal compensation.
- **ESG Risk and Mitigations**
 - **ESG Data:** Impact statement
 - **Finance Data:** Financial Impact (Positive/Negative)



- The management of ESG risks and the implementation of mitigation strategies is critical for ensuring long-term sustainability. The impact of these risks is quantified in an impact statement, which is then linked to financial outcomes, either positive or negative, based on how well the company manages these risks.

12.1.6 Conclusion

Through the use of ESG Frameworks, organizations are increasingly able to connect ESG factors with their financial performance, offering a unified approach to reporting. By integrating both financial and non-financial data, these frameworks ensure that companies can demonstrate how their sustainability practices contribute to long-term value creation and align with their financial strategies. This interconnected reporting not only enhances transparency and supports stakeholder decision-making but also facilitates better decision-making within the company.

Furthermore, it enables investors to make more informed assessments of the company's overall health, considering both financial stability and sustainability efforts, thus providing a comprehensive view of the company's performance.

This connection underscores the financial materiality of sustainability efforts, helping stakeholders assess risks, opportunities, and the long-term viability of the business.

12.2 CARBON TAXATION AND CARBON BORDER ADJUSTMENT MECHANISM (CBAM)

12.2.1 What is Carbon Tax?

A carbon tax is a financial charge or levy imposed on companies, individuals, or organizations based on the amount of carbon dioxide (CO₂) emissions they produce. It is designed to encourage entities to reduce their carbon footprint by making carbon-intensive products and activities more expensive. The goal is to internalize the external costs of carbon emissions, which are typically not reflected in the market price of goods and services. By taxing carbon emissions, governments aim to promote the adoption of cleaner, low-carbon technologies, driving the transition to a more sustainable economy.

12.2.2 History of Carbon Tax

The concept of carbon taxation emerged as a part of global efforts to combat climate change, particularly following the adoption of the Kyoto Protocol in 1997. The Protocol set legally binding targets for reducing greenhouse gas emissions for industrialized countries. While carbon taxes were seen as one potential tool to reduce emissions, the primary focus at that time was on cap-and-trade systems (carbon markets).



The first country to implement a carbon tax was Sweden in 1991, which introduced the tax to reduce carbon emissions and promote renewable energy. Over time, several countries, especially in Europe, have adopted carbon taxes, including Finland, Norway, Denmark, and France. These countries have used carbon taxes as part of their broader climate policy toolkit to reduce carbon emissions and encourage the use of clean energy.

12.2.3 Carbon Tax in India

In India, carbon taxation has evolved primarily through indirect means, with a focus on coal and fossil fuels. The first major move towards a carbon tax-like mechanism came in the form of the Coal Cess, introduced in 2010 as the Clean Energy Cess. This cess was levied on coal production to raise funds for renewable energy projects and to encourage the transition to cleaner energy sources. In 2016, the cess was renamed the Clean Environment Cess, and the rate increased from ₹50 per tonne of coal to ₹400 per tonne. While not strictly carbon tax, the coal cess was designed to discourage the use of carbon-intensive coal and generate revenue for promoting renewable energy development. However, despite these efforts, India has not yet implemented a nationwide carbon tax similar to those in some other countries. The government has been cautious, considering the potential economic impact and the need to balance environmental goals with the country's growth aspirations.

12.2.4 Carbon Border Adjustment Mechanism (CBAM)

The Carbon Border Adjustment Mechanism (CBAM) is a new concept introduced by the European Union (EU) to impose carbon costs on imports. CBAM effectively acts as a carbon tax duty at the import stage, applying to certain goods produced in countries with less stringent carbon regulations. The aim is to prevent carbon leakage, which occurs when companies in regions with strict climate policies move their production to countries with more lenient environmental regulations, thereby undermining global efforts to reduce emissions.

A. How CBAM Functions:

- **Imposition of Carbon Tax Duty at the Import Stage:** CBAM introduces a **carbon price** on selected goods imported into the EU, which is equivalent to the carbon price paid by EU-based companies under the EU's **Emissions Trading System (ETS)**. The idea is that goods such as steel, cement, aluminum, and electricity imported into the EU will have the same carbon cost as domestically produced goods, ensuring a level playing field and discouraging carbon leakage.
- **Important Stakeholders:**
 - **Importers:** European importers importing goods into the EU will have to report the carbon content of their imports and pay the corresponding carbon tax. Importers will be required to submit certificates showing the amount of carbon emissions involved in producing the goods. Importers eventually



collect this information from exporters. This report will happen on a quarterly basis.

- **Exporters:** Exporters from countries outside the EU, including countries like **India**, will need to comply with the new requirements. If their carbon-intensive goods are to be exported to the EU, they will have to account for their carbon emissions in a prescribed format to the importers on a quarterly basis. This can potentially lead to higher costs for those who do not have similar carbon pricing systems in place.
- **EU Authorities:** The EU will oversee the implementation of CBAM, ensuring compliance with the new rules. The EU will also work to gradually phase in the mechanism and provide guidelines on how to calculate and report carbon emissions from imports. A new portal is created which will monitor all the submissions.

B. Timeline and Regulations for CBAM:

The EU Circular for the implementation of CBAM was released as part of the European Green Deal and the Fit for 55 Package in July 2021. The framework aims to align the EU ETS with the carbon intensity of imports, addressing the issue of carbon leakage.

Here are key details about CBAM's rollout:

- **Applicability:** Currently, CBAM applies to high carbon-intensive sectors including iron and steel, cement, aluminium, fertilizers, and electricity. These sectors are responsible for significant greenhouse gas emissions during production and are vulnerable to competitive disadvantages from carbon pricing in the EU.
- **Mandatory Reporting:** The reporting of carbon emissions for covered sectors began in 2023, and importers are required to report the carbon content of their goods imported into the EU on a quarterly basis. The reporting needs to be done product and exporter wise.
- **Third-party Assurance:** EU also plans to mandate a third-party assurance. This will be required for the reported emissions by the exporter, ensuring that the disclosed information is credible and verifiable.
- **Full Implementation and Carbon Tax:** EU plans to fully implement CBAM by 2026, after a transitional period during which companies will report their emissions but not be taxed. Starting from 2026, the carbon tax will be applied to imports based on the emissions generated during their production, aligning with the carbon price that EU companies face under the EU ETS.



- **Omnibus Proposal and CBAM Adjustments:** The Omnibus Proposal is a regulatory proposal by the EU to refine and adjust CBAM and its coverage, particularly in terms of how it applies to non-EU countries. There has been ongoing discussion about the reduction of coverage for certain sectors and adjustments in the way emissions are calculated for imports. This proposal is expected to be finalized over the coming years to ensure fairness and avoid trade conflicts.

C. Impact of CBAM on the Indian Economy

India's economy and its export sectors, particularly industries like iron and steel, aluminum, and other heavy industries, could face significant impacts from the introduction of CBAM. These sectors are major exporters to the EU and are highly carbon-intensive, making them vulnerable to the new carbon price levies. The steel and aluminum industries are particularly affected, as they rely heavily on coal and other fossil fuels for production.

Key Impacts on Sectors:

- **Iron and Steel:**
 - India is one of the largest producers of steel globally, and a significant portion of its steel exports are directed to the European Union (EU). According to the Indian Ministry of Steel, India exported approximately \$5.3 billion worth of steel products to the EU in 2020-21.
 - The Carbon Border Adjustment Mechanism (CBAM) will likely raise costs for Indian steel producers due to the carbon price imposed on their products when imported into the EU.
 - The CBAM aims to impose a carbon price equivalent to the EU carbon emissions trading system (ETS) on products like steel, cement, and aluminum. The average carbon price under the EU ETS in 2021 was approximately €50 per tonne of CO₂. For Indian steel exporters, this could increase the cost of steel by an estimated €10-15 per tonne depending on the carbon intensity of their production processes.
 - This could make Indian steel less competitive compared to steel produced in countries with lower carbon prices or those with carbon-free production processes, such as electric arc furnace (EAF) steelmakers in some European countries.



- **Aluminium:**

- The aluminum industry in India is also highly energy-intensive, as aluminum production involves the electrolysis of alumina, which requires significant electricity consumption.
- India is a major exporter of aluminum, with exports amounting to around \$2.6 billion in 2020-21 (source: Indian Ministry of Commerce & Industry). The introduction of CBAM is likely to increase the cost of Indian aluminum exports due to the carbon taxes imposed on carbon-intensive imports.
- The aluminum sector emits approximately 13-15 tonnes of CO₂ for every tonne of aluminum produced, largely due to the energy-intensive production process. With a carbon price of €50 per tonne of CO₂, this could lead to an additional €650-750 per tonne cost for Indian aluminum exports to the EU.
- This will likely impact the profitability of Indian aluminum producers and reduce their competitiveness in the EU market compared to producers from countries with lower carbon emissions or carbon-efficient processes.

Key Impact on SMEs and MSMEs in India:

One of the most significant concerns for India is the compliance burden imposed by CBAM on Small and Medium Enterprises (SMEs) and Micro, Small, and Medium Enterprises (MSMEs). These businesses form the backbone of the Indian economy, contributing significantly to employment and exports.

- **Increased Compliance Costs:** The compliance costs associated with CBAM may disproportionately affect SMEs and MSMEs, which often operate on thin margins and lack the financial capacity to absorb these additional expenses. These businesses will need to invest in carbon measurement tools, reporting systems, and ensure third-party verification of their emissions—activities that are typically costly and complex.
- **Strain on Export Competitiveness:** Many Indian SMEs and MSMEs are exporters in carbon-intensive sectors such as steel, cement, and textiles. With the introduction of CBAM, these companies may find their products subjected to higher carbon-related costs when entering the EU market. This could erode their competitiveness in the EU market, as they may be forced to pay the carbon duties or make adjustments to their operations to meet the EU's carbon standards.
- **Inability to Meet Reporting Standards:** One of the major challenges for small businesses in India is the lack of technical expertise to comply with complex carbon emissions reporting. Unlike larger corporations, SMEs and MSMEs often



do not have the infrastructure or expertise to implement comprehensive carbon tracking and reporting systems.

D. Indian Government's Response and Resolution Sought

The Indian government has expressed concerns over the potential economic impact of CBAM on India's carbon-intensive sectors. India has raised the issue at various international forums, arguing that the mechanism could violate the principles of equity and common but differentiated responsibilities (CBDR) under the Paris Agreement. India is seeking the following resolutions:

- **Exemption from CBAM:** The Indian government is advocating for exemptions or a gradual phase-in of CBAM for developing countries like India, where carbon emissions per capita are still much lower than in developed nations.
- **Carbon Tax Implementation in India:** The government is also exploring the possibility of introducing a domestic carbon tax to mitigate the impact of CBAM on Indian exports. A carbon pricing mechanism within India could help align Indian industries with global standards and reduce the competitive disadvantage that would arise due to CBAM.
- **International Cooperation:** India is also calling for international collaboration to develop a global carbon pricing framework that treats developing countries fairly and ensures that carbon taxes are not used as a form of trade protectionism.
- **Support for Green Transition:** India is requesting financial and technological support from developed countries to help its industries transition to low-carbon technologies, in line with the Paris Climate Agreement and the UNFCCC guidelines.

12.2.5 Conclusion

Carbon taxation has evolved into a critical tool in the global fight against climate change, with countries adopting various forms of carbon pricing to address emissions. CBAM is an innovative approach by the EU to tackle carbon leakage and ensure that imports reflect the same carbon costs as domestic production. While this mechanism aims to encourage cleaner production, it poses challenges for carbon-intensive economies like India, particularly in sectors like iron and steel and aluminum.

The Indian government is actively seeking resolutions to address the economic implications of CBAM, including the introduction of a domestic carbon tax and international cooperation on carbon pricing. By aligning domestic and international policies, India aims to balance its economic growth with the global transition to a low-carbon future.



12.3 CLIMATE RISK RESILIENCE

12.3.1 What is Climate Risk Resilience?

Climate resilience refers to the ability to anticipate, prepare for, respond to, and recover from the adverse effects of climate-related risks. In the Indian context, climate resilience is becoming an increasingly crucial aspect of business operations, given the country's exposure to both physical and transition risks linked to climate change. India is already experiencing severe consequences from climate change, such as rising temperatures, unpredictable rainfall patterns, floods, droughts, and extreme weather events. As a result, businesses and the government are increasingly prioritizing climate resilience.

In the context of business resilience, organizations must integrate climate-related risks into their risk management framework, ensuring that they can mitigate, adapt, and thrive in the face of both physical and transition risks associated with climate change. This concept is becoming increasingly vital, as governments, investors, and stakeholders demand more action on environmental risks and sustainability practices.

12.4.2 Types of Climate Risks

- **Physical Risks:** These refer to the direct impacts of climate change, such as extreme weather events and changes in climate patterns. Physical risks can be:
 - **Acute:** Short-term, extreme events such as hurricanes, floods, and droughts. India is highly vulnerable to extreme weather events such as floods, heatwaves, cyclones, and droughts.
 - **Chronic:** Long-term shifts in climate patterns like rising sea levels, temperature increases, and water scarcity, also pose a threat to India's agricultural sector, manufacturing hubs, and coastal cities like Mumbai and Kolkata
- **Transition Risks:** Transition risks arise from the shift towards a low-carbon economy. These include:
 - **Regulatory Risks:** New laws, policies, or taxes that impose stricter environmental standards.
 - **Market Risks:** Changes in consumer preferences, where there is greater demand for sustainable products or services.
 - **Technological Risks:** The emergence of new technologies that can make existing processes or products obsolete (e.g., renewable energy replacing fossil fuels).



12.3.3 Climate Risk Resilience Framework

Building climate resilience involves multiple steps:

- **Risk Assessment and Mapping:** Organizations need to identify the physical and transition risks they are most vulnerable to and assess their impact. This includes understanding which regions or assets are at the greatest risk from climate events and which policies could pose a threat to operations.
- **Adaptation Strategies:** To build resilience, companies must develop strategies to mitigate the impact of climate change. These could include:
 - **Infrastructure Upgrades:** Investing in resilient infrastructure that can withstand extreme weather (e.g., flood barriers, stronger buildings).
 - **Diversification:** Diversifying operations, supply chains, and markets to reduce dependence on climate-vulnerable regions.
- **Monitoring and Reporting:** Continuous monitoring and reporting of climate-related risks are necessary for adapting to changing conditions. This includes adherence to frameworks such as **TCFD** (Task Force on Climate-related Financial Disclosures), which provides recommendations for reporting financial impacts from climate risks.
- **Stakeholder Engagement:** Climate risk resilience involves collaboration with key stakeholders, governments, NGOs, and the local community assuring that businesses do not only focus on their own resilience but contribute to broader community and sector-wide efforts to mitigate climate impacts.

12.3.4 Recent regulation targeting towards Climate Resilience in India

A. RBI's Climate Risk Disclosure Framework (2024):

The Reserve Bank of India (RBI) has issued draft guidelines on the "Disclosure Framework on Climate-Related Financial Risks, 2024", requiring regulated entities (including banks, financial institutions, and insurers) to disclose information on climate-related risks and their impact on financial stability. The guidelines emphasize the need for businesses to disclose details on:

- **Governance:** The role of the board and senior management in overseeing climate-related risks and opportunities.
- **Strategy:** How climate-related risks are integrated into the entity's overall business strategy, including long-term planning.
- **Risk Management:** The identification, assessment, and mitigation of physical and transition risks related to climate change.



- **Metrics and Targets:** Disclosure of specific climate-related metrics, such as carbon emissions, and the setting of climate-related targets to reduce carbon footprint over time.

These disclosures will align with global standards like TCFD (Task Force on Climate-related Financial Disclosures), and regulated entities will be required to report this information in their financial statements to ensure transparency and accountability.

The RBI's move signals India's intent to integrate climate risk resilience into the broader financial system and improve risk management practices among financial institutions.

- **Timeline:** The RBI's guidelines for climate-related disclosures are expected to become mandatory by 2025, providing financial entities sufficient time to adopt these measures and implement the necessary frameworks.
- **Impact on Financial Institutions:** These guidelines aim to ensure that financial institutions are better prepared to understand, assess, and manage climate-related risks and align their portfolios with the low-carbon transition.

B. IRDAI's Adoption of Climate Risk Management Framework:

In alignment with global sustainability initiatives and India's commitment to climate resilience, the Insurance Regulatory and Development Authority of India (IRDAI) has introduced comprehensive regulations to integrate climate risk management into the governance structures of insurance companies.

- **Corporate Governance Regulations, 2024:** On March 20, 2024, the IRDAI notified the IRDAI (Corporate Governance for Insurers) Regulations, 2024, mandating that all insurers establish a Board-approved Environmental, Social, and Governance (ESG) framework. This framework is to be reviewed annually by the Board to ensure its effectiveness and alignment with evolving sustainability goals.
- **Climate Risk Management Framework:** A significant addition in these regulations is the requirement for insurers to implement a Climate Risk Management framework. This framework must be tailored to the insurer's size, nature, and complexity of operations, ensuring that climate-related risks are adequately identified, assessed, and managed within the organization's risk management structure.
- **Key Provisions of the Climate Risk Management Framework**
 - **Board Oversight:** The Board is responsible for overseeing the development and implementation of the climate risk management framework, ensuring it aligns with the insurer's overall risk management strategy.



- **Integration with Risk Management:** Climate-related risks must be integrated into the insurer's existing risk management processes, including underwriting, investment, and operational strategies.
- **Scenario Analysis and Stress Testing:** Insurers are encouraged to conduct scenario analyses and stress tests to assess the potential impact of climate-related risks on their portfolios and operations.
- **Disclosure and Reporting:** Insurers are required to disclose their climate risk exposures and the measures taken to mitigate these risks in their annual reports, enhancing transparency and accountability.
- **Implementation Timeline:** The regulations stipulate that the climate risk management framework must be in place by April 1, 2024, with the first annual review to be conducted thereafter. Insurers are expected to report on their compliance with these regulations in their subsequent annual filings.
- **Impact on the Insurance Sector:** The introduction of these regulations signifies a proactive approach by the IRDAI in addressing climate-related risks within the insurance sector. By mandating the integration of climate risk management into corporate governance, the IRDAI aims to:
 - Enhance the resilience of insurance companies to climate-related shocks.
 - Promote sustainable investment and underwriting practices.
 - Foster greater transparency and accountability in managing environmental risks.

12.4 GREENWASHING

12.4.1 What is Greenwashing?

Greenwashing is the deceptive practice by companies of marketing their products, services, or business operations as environmentally friendly or sustainable, when in reality, their actions do not align with these claims. The term "greenwashing" originated as a portmanteau of "green," symbolizing eco-friendly, and "whitewashing," meaning to cover up or distort the truth. This misleading practice exploits growing consumer demand for sustainable and eco-conscious products while diverting attention away from a company's true environmental impact.

Greenwashing undermines genuine sustainability efforts and can erode trust among consumers, investors, and other stakeholders, leading to reputational damage, legal scrutiny, and loss of market share. While companies promote their environmental initiatives as a competitive advantage, greenwashing often involves exaggerating or fabricating sustainability claims, particularly in areas where verification or transparency is difficult to obtain.



12.4.2 Greenwashing in Reporting

In the context of ESG (Environmental, Social, Governance) reporting, greenwashing occurs when companies present themselves as more sustainable or environmentally responsible than they actually are. This type of greenwashing can mislead stakeholders, including investors, customers, and regulators, about the company's environmental practices.

- **Misleading Sustainability Reports:** Many companies publish sustainability reports or ESG disclosures to meet regulatory requirements or to improve their market image. However, some companies exaggerate their achievements or omit critical information to present a more favorable environmental picture. For example, a company may highlight a minor environmental initiative, like a single renewable energy project, while failing to disclose the larger carbon footprint of its supply chain or the overall lack of significant emissions reductions.
- **Vague or Unsubstantiated Claims:** Greenwashing in reporting often involves the use of vague terms such as “eco-friendly,” “green,” or “sustainable” without providing concrete data or metrics to substantiate these claims. For instance, a company might say it is “committed to sustainability,” but it provides no clear targets or results related to emissions reduction, resource usage, or waste management.
- **Cherry-picking Metrics:** Companies sometimes highlight a few positive metrics (like reducing plastic usage) while ignoring or downplaying much larger environmental impacts (such as continued high carbon emissions or water usage). This selective reporting can create the illusion of progress while masking areas where the company is still environmentally irresponsible.

12.4.3 Greenwashing in ESG Claims

In recent years, net zero and carbon neutral claims have become popular marketing tools as companies seek to position themselves as leaders in the fight against climate change. However, these terms are sometimes misused or misrepresented in the form of greenwashing.

- **Misleading Net Zero Claims:** A net zero claim typically refers to a company's commitment to balance the amount of greenhouse gases (GHGs) emitted with an equivalent amount of GHGs removed from the atmosphere or offset. However, greenwashing occurs when companies declare net zero without:
 - Clearly outlining their carbon accounting methods.
 - Providing short-term and long-term reduction targets.
 - Having a transparent plan for actual emissions reductions rather than relying predominantly on carbon offsets (which may not result in real, permanent reductions).



- **Carbon Neutral Claims:** Similarly, a carbon neutral claim refers to the company offsetting its carbon emissions by purchasing carbon credits or investing in projects that reduce or remove an equivalent amount of emissions. However, greenwashing occurs when companies:
 - Offset emissions without reducing their operational carbon footprint through meaningful actions.
 - Use questionable offsets such as unverified reforestation projects or renewable energy credits that do not represent a direct contribution to environmental goals.
 - Fail to disclose the quality or validity of their offsets, making it difficult for stakeholders to assess the true environmental impact of these actions.
- **Lack of Clear Boundaries and Transparency:** One of the major issues in greenwashing related to carbon neutrality and net zero claims is the lack of transparency. Companies may not provide enough detail on:
 - How they are measuring their carbon emissions,
 - Which activities are being included or excluded, and
 - How they intend to achieve their targets.
- **Use of Non-credible Carbon Offsets:** Some companies engage in greenwashing by relying on non-credible carbon offsets that do not deliver actual environmental benefits. These may include offsets from projects that are poorly managed, unverified, or unsustainable. Instead of reducing their emissions, companies may use offsets as a way to “buy” their way out of climate responsibility.

12.4.4 Important Greenwashing Guidelines and Regulations

India has taken significant steps to combat greenwashing through a combination of self-regulation, government guidelines, and industry certifications. These initiatives ensure that companies' environmental claims are truthful, substantiated, and not misleading to consumers.

- **Advertising Standards Council of India (ASCI) Guidelines:** The Advertising Standards Council of India (ASCI) has introduced a comprehensive set of guidelines for advertising and claims related to eco-friendly and green products. The ASCI's "Guidelines for Environmental Claims" (2018) require brands to back their green claims with verifiable evidence. Key provisions of the ASCI guidelines include:
 - Companies must provide documented proof of their environmental claims, including third-party certifications or verification to substantiate their statements.
 - The claims must be measurable and quantifiable, clearly demonstrating the environmental benefits of the product or service.



- Vague and unsubstantiated claims like "eco-friendly," "green," or "greenest" are prohibited unless backed by solid evidence.

ASCI has also introduced specific rules for companies making claims such as "carbon-neutral," "energy-efficient," and "sustainably sourced." These claims must meet stringent standards for accuracy and traceability.

- **Ecolabels and Certifications:** To support consumers in identifying genuinely sustainable products, India has adopted several ecolabeling schemes. These labels help consumers make informed choices by certifying products that meet specific environmental standards.
 - **Bureau of Indian Standards (BIS) - Green Label Scheme:** The Bureau of Indian Standards (BIS) operates the Green Label Scheme, which certifies products based on their environmental impact. This certification ensures that the products meet specified environmental criteria, including energy efficiency, water conservation, and reduced carbon footprint.
 - **Other Eco-Certifications:** Products certified with internationally recognized ecolabels such as Energy Star, Fair Trade, and LEED are also considered environmentally friendly. These labels provide consumers with credible assurance of the product's sustainability credentials, helping them distinguish between genuine environmentally-friendly products and those engaged in greenwashing.
- **Guidelines for Prevention and Regulation of Greenwashing and Misleading Environmental Claims:** The Central Consumer Protection Authority (CCPA) has issued guidelines titled "Guidelines for Prevention and Regulation of Greenwashing and Misleading Environmental Claims" on October 15, 2024. These guidelines are designed to address the increasing concerns around misleading environmental claims and greenwashing in India. Key elements of the CCPA guidelines include:
 - **Clear Definitions:** The guidelines define greenwashing and provide clarity on what constitutes misleading environmental claims. These definitions ensure that businesses know the line between legitimate sustainability claims and greenwashing.
 - **Verification of Claims:** Companies making environmental claims are required to substantiate their claims with third-party verification or certifications. The CCPA mandates that all claims be based on measurable and verifiable data, with companies being required to produce proof if questioned.
 - **Consumer Protection:** The CCPA guidelines emphasize the protection of consumers from misleading environmental claims, ensuring that claims made



about carbon neutrality, energy efficiency, and sustainable sourcing are not only accurate but also supported by credible evidence.

- **Penalties for Violation:** The CCPA has stipulated that companies found to be in violation of these guidelines could face penalties, including fines and disclosure of misleading claims in public forums, helping to protect consumers from misleading advertising.
- **Regulatory Framework:** The guidelines work in conjunction with other laws such as the Consumer Protection Act, 2019, to empower consumers and regulators to take action against companies engaging in greenwashing.
- **OECD Greenwashing Guidelines:** The OECD Guidelines on greenwashing and misleading environmental claims further reinforce the importance of transparency and accountability in environmental reporting. These guidelines, developed as part of the OECD's broader consumer protection efforts, provide recommendations for businesses to ensure that their eco-friendly claims are substantial, credible, and verifiable. Key principles of the OECD's greenwashing guidelines include:
 - **Verification and Substantiation:** Companies must back up their environmental claims with independent third-party verification and measurable, verifiable data.
 - **Clear and Specific Terminology:** The OECD advocates for the use of clear, defined terms such as "carbon neutral," "sustainable," and "eco-friendly," and insists that such claims be supported by measurable outcomes and genuine actions.
 - **Regulatory Oversight:** The guidelines emphasize the importance of regulatory frameworks at both the national and international levels to combat greenwashing. This includes strengthening consumer protection laws, as seen in India's CCPA guidelines and the OECD's promotion of greater consumer rights protections across member countries.

12.5 DUE DILIGENCE AND ITS IMPACT IN ESG

12.5.1 What is Due Diligence?

Due diligence refers to the comprehensive process of investigating, analyzing, and verifying information before entering into a business transaction or decision-making process. In the context of Environmental, Social, and Governance (ESG), due diligence is critical in ensuring that companies understand the environmental, social, and governance risks associated with their operations, investments, or partnerships.

The concept of due diligence has evolved beyond its traditional use in financial transactions to incorporate various ESG-related factors. This ensures that businesses are not only complying



with regulations but are also addressing sustainability concerns, managing risks effectively, and creating long-term value.

12.5.2 Difference between Assurance and Due Diligence

While both assurance and due diligence are crucial in evaluating business practices, especially within the realm of ESG, they serve different purposes and functions:

- **Assurance:** Refers to the process of providing independent verification of data or claims made by a company. Assurance in ESG often involves external auditors verifying the accuracy, reliability, and completeness of a company's ESG reports, data, and compliance with regulations. This process helps build trust with investors, customers, and stakeholders by confirming that ESG practices and claims are legitimate. Example: An independent audit of a company's carbon emissions reduction efforts to verify that it is truly achieving its claimed targets (e.g., reducing carbon emissions by 30% over five years).
- **Due Diligence:** Due diligence, in contrast, is a proactive, thorough investigation or audit performed before making decisions, such as investing, acquiring, or entering into a partnership. In ESG, due diligence helps identify potential risks or opportunities related to environmental impacts, social practices, and governance standards before a company takes a business action..Example: A company might conduct due diligence on a potential acquisition to evaluate the target company's sustainability practices, such as waste management systems, labor practices, and supply chain transparency.

12.5.3 Types of Due Diligence in ESG

Due diligence in ESG extends beyond environmental risks and incorporates social and governance aspects, providing a comprehensive view of the company's practices. Here are some of the most common types of ESG due diligence:

- **Anti-Bribery and Anti-Corruption Due Diligence:**
 - **What It Covers:** This type of due diligence focuses on evaluating a company's adherence to anti-corruption and anti-bribery standards. It assesses whether the company is in compliance with local and international anti-corruption laws, such as the Foreign Corrupt Practices Act (FCPA) or the UK Bribery Act.
 - **Why It's Important:** ABAC due diligence is vital to mitigate the risk of reputational damage, legal penalties, and business disruption due to unethical practices.
 - **Example:** A company might conduct ABAC due diligence on a potential joint venture partner in a region with high corruption risks, ensuring that the partner has strong anti-corruption policies and a clean record before proceeding.



- **UNGC ABAC Due Diligence Framework:** The United Nations Global Compact (UNGC) has established its own ABAC Due Diligence Framework to assist companies in identifying, assessing, and mitigating risks related to bribery and corruption. The UNGC's ABAC Due Diligence Framework is aligned with global best practices and provides practical guidance for businesses to implement a comprehensive anti-bribery and anti-corruption program.
- **Cybersecurity Due Diligence**
 - **What It Covers:** This type of due diligence focuses on assessing the cybersecurity risks associated with a company's operations, especially as it relates to the safety of digital data, privacy concerns, and the company's cyber resilience.
 - **Why It's Important:** Given the increasing number of cyber threats, especially in the digital age, ensuring that a company has robust cybersecurity practices is crucial to protect data privacy and avoid financial or reputational damage from data breaches or cyberattacks.
 - **Example:** A company looking to acquire a tech startup would conduct cybersecurity due diligence to ensure the startup's data protection practices comply with regulations like GDPR and to assess the risk of potential data breaches or security flaws.
 - **ISO 27001:** ISO 27001 is an international standard for information security management systems (ISMS). This framework provides a systematic approach to managing sensitive company information, ensuring its security through a combination of people, processes, and technology.
- **Occupational Safety Due Diligence**
 - **What It Covers:** Safety due diligence is an assessment of a company's health and safety policies, focusing on workplace conditions and the company's efforts to reduce workplace accidents and improve employee safety.
 - **Why It's Important:** Safety diligence is key to ensuring that the company complies with health and safety regulations, reducing workplace injuries and accidents, and promoting employee well-being. It also helps prevent legal issues or financial penalties arising from non-compliance with safety standards.
 - **Example:** A manufacturing company may undergo safety due diligence to evaluate its compliance with industry-specific health and safety regulations before entering into a supply chain agreement with another company.



- **ISO 45001:** OHSAS 18001 was the standard for occupational health and safety management systems, which have now been replaced by ISO 45001. This international standard helps organizations manage health and safety risks by establishing a framework for continuous improvement.
- **Environmental Due Diligence**
 - **What It Covers:** This type of due diligence evaluates a company's environmental impact, particularly its carbon footprint, water usage, waste management, and compliance with environmental regulations.
 - **Why It's Important:** Environmental due diligence ensures that companies adhere to environmental standards, avoid liabilities, and manage risks related to climate change, natural resource depletion, and other environmental concerns.
 - **Example:** A company acquiring a chemical plant would conduct environmental due diligence to assess the plant's emissions and potential liability for past environmental damage (e.g., contamination or improper waste disposal).
 - **ISO 14001:** ISO 14001 is an internationally recognized Environmental Management System (EMS) standard developed by the International Organization for Standardization (ISO). It provides a structured framework for companies to manage their environmental responsibilities, minimize their environmental footprint, and comply with environmental regulations.

12.5.4 Embedding Due Diligence in ESG Frameworks

Due diligence in ESG is not just a one-time activity but is embedded within comprehensive ESG frameworks. These frameworks guide companies on how to integrate sustainability into their decision-making and ensure long-term value creation. Here are some notable frameworks that incorporate ESG due diligence:

- **Business Responsibility and Sustainability Report (BRSR):**

Due diligence is embedded in the BRSR through its requirements for companies to disclose their due diligence processes regarding environmental, social, and governance risks. For example, companies must report on how they assess the environmental impact of their operations, their efforts in human rights due diligence, and how they prevent corruption and bribery within their supply chains.

- **Global Reporting Initiative (GRI):**

Within GRI, due diligence is embedded in the social and environmental reporting processes, requiring companies to perform due diligence assessments on issues like child labor, health and safety, water usage, and supply chain transparency. For example,



companies are encouraged to assess their supply chains to ensure they are not involved in human rights abuses or environmental damage.

- **Task Force on Climate-related Financial Disclosures (TCFD)**

Due diligence is an integral part of TCFD's climate risk reporting, as it requires companies to conduct climate-related risk assessments to understand their exposure to physical risks (e.g., extreme weather) and transition risks (e.g., policy changes). This is a form of due diligence that helps companies assess and report on their climate-related impacts and mitigation strategies.

Due diligence in the context of ESG is an essential process that ensures companies actively assess and manage risks and opportunities related to environmental, social, and governance issues. From anti-bribery and anti-corruption due diligence to cybersecurity, safety, and environmental assessments, this process helps companies ensure that their actions align with their sustainability goals. Furthermore, by embedding due diligence into global frameworks such as BRSR, GRI, and TCFD, companies can make informed decisions, reduce risks, and create long-term value.

By integrating due diligence into their ESG frameworks, companies not only comply with regulations but also enhance their reputation, transparency, and resilience in a rapidly evolving business environment.

MULTIPLE CHOICE QUESTIONS

1. **Which of the following is a critical component of effective connected sustainability reporting?**
 - A) Isolating ESG from financial performance
 - B) Materiality assessment**
 - C) Simplifying financial disclosures
 - D) Minimizing environmental impact
2. **What does the concept of 'double materiality' emphasize in sustainability reporting?**
 - A) Only financial performance should be reported
 - B) Both internal and external ESG impacts should be considered**
 - C) Only environmental impacts should be reported
 - D) The reduction of operational costs



3. Which framework is most commonly used for integrating financial and sustainability (ESG) data?
 - A) GRI
 - B) Integrated Reporting (IR)**
 - C) ISO 14001
 - D) IFRS Sustainability Disclosure Standards (S1 and S2)
4. Which type of risk does the Carbon Border Adjustment Mechanism (CBAM) primarily address?
 - A) Regulatory risk
 - B) Transition risk
 - C) Carbon leakage risk**
 - D) Supply chain risk
5. How does the Carbon Border Adjustment Mechanism (CBAM) aim to prevent carbon leakage?
 - A) By taxing all imports
 - B) By applying carbon taxes to goods from countries with less stringent carbon policies**
 - C) By promoting carbon offset programs
 - D) By restricting trade between developed and developing nations
6. What is the primary objective of carbon taxation?
 - A) To reduce renewable energy costs
 - B) To discourage carbon-intensive production by increasing costs**
 - C) To promote international trade
 - D) To regulate emissions in specific industries
7. Which of the following is a key aspect of climate risk resilience?
 - A) Ignoring potential climate-related risks
 - B) Ignoring the role of governments in climate change
 - C) Developing strategies to adapt to and mitigate climate change impacts**
 - D) Reducing financial performance due to environmental risks



8. Which type of climate risk includes long-term shifts such as rising sea levels and temperature increases?
- A) Acute risk
 - B) Transition risk
 - C) Chronic risk**
 - D) Regulatory risk
9. Which ESG framework requires companies to integrate climate-related risks into their overall business strategy?
- A) TCFD**
 - B) GRI
 - C) BRSR
 - D) ISO 14001
10. What is the main focus of due diligence in ESG?
- A) Focusing only on financial risks
 - B) Investigating environmental, social, and governance risks before making decisions**
 - C) Assessing the financial performance of a company
 - D) Evaluating a company's branding strategies
11. Which of the following is a key type of ESG due diligence?
- A) Financial Due Diligence
 - B) Anti-Bribery and Anti-Corruption (ABAC) Due Diligence**
 - C) Financial Transaction Due Diligence
 - D) None of the above
12. How does the concept of 'greenwashing' undermine sustainability efforts?
- A) By promoting genuine environmental initiatives
 - B) By misleading stakeholders about the true environmental impact**
 - C) By reducing carbon emissions
 - D) By encouraging companies to offset their emissions



13. What is the primary aim of the Task Force on Climate-related Financial Disclosures (TCFD)?
- A) To create guidelines for traditional financial reporting
 - B) To integrate climate-related risks and opportunities into financial reporting**
 - C) To monitor carbon emissions
 - D) To certify carbon neutral companies
14. Which regulation focuses on ensuring transparency regarding climate-related risks in India?
- A) RBI's Climate Risk Disclosure Framework
 - B) Carbon Border Adjustment Mechanism**
 - C) GRI Guidelines
 - D) EU Emissions Trading System
15. What does the GRI's double materiality approach require companies to report?
- A) Only how sustainability impacts their financial performance
 - B) Both how sustainability affects financial performance and how their activities impact the environment**
 - C) Only how their activities impact society
 - D) The economic value added by the company
16. What is a key challenge for SMEs in India regarding CBAM compliance?
- A) Lack of access to financial resources
 - B) High cost of carbon footprint measurement and reporting**
 - C) Lack of a skilled workforce
 - D) Excessive government regulations
17. Which of the following best describes the concept of carbon neutrality in the context of greenwashing?
- A) Reducing emissions across all operations
 - B) Offsetting emissions without a substantial reduction in overall carbon footprint**



- C) Transitioning to renewable energy
 - D) Reporting emissions reductions through accurate data
18. Which body in India has established guidelines to prevent misleading environmental claims?
- A) Central Consumer Protection Authority (CCPA)**
 - B) Advertising Standards Council of India (ASCI)
 - C) Bureau of Indian Standards (BIS)
 - D) Reserve Bank of India (RBI)
19. What is the main purpose of due diligence in the context of anti-bribery and anti-corruption (ABAC)?
- A) To evaluate financial transactions
 - B) To assess the risk of legal penalties due to corruption and bribery**
 - C) To ensure compliance with environmental regulations
 - D) To reduce operational costs
20. What is a significant impact of the Carbon Border Adjustment Mechanism (CBAM) on Indian industries?
- A) Increased competition in the EU market
 - B) Higher compliance costs for carbon-intensive sectors like steel and aluminum**
 - C) Reduced need for carbon tax regulations
 - D) Reduced demand for renewable energy
21. Which of the following frameworks provides guidelines on how to integrate both financial and ESG factors in corporate strategy?
- A) ISO 14001
 - B) TCFD
 - C) IFRS Sustainability Disclosure Standards (S1 and S2)**
 - D) GRI
22. Which of the following sectors is most affected by the Carbon Border Adjustment Mechanism (CBAM)?
- A) Technology**



- B) Pharmaceutical
 - C) Iron and Steel**
 - D) Telecommunications
23. What does the term 'materiality' refer to in sustainability reporting?
- A) The importance of financial data in reports
 - B) The prioritization of ESG issues that affect both the organization and society**
 - C) The use of renewable resources in manufacturing
 - D) The disclosure of market trends
24. Which of the following is NOT a key component of climate risk resilience in businesses?
- A) Adaptation strategies
 - B) Climate-related risk assessment
 - C) Ignoring climate change impacts**
 - D) Stakeholder engagement
25. What is the primary benefit of integrating sustainability factors into financial decision-making?
- A) Lower regulatory costs
 - B) Improved transparency and long-term value creation**
 - C) Short-term profitability gains
 - D) Reduced emissions levels only

CASE STUDIES

Case Study 1: UBS and Connected Decision-Making in ESG Targets

Background:

In its 2024 Sustainability Report, UBS announced a significant shift in its climate strategy. The bank revealed that it had postponed its target to achieve net-zero greenhouse gas (GHG) emissions in its operations by 10 years, from the original goal of 2025 to 2035. This decision was largely driven by the bank's acquisition of Credit Suisse, a move that had substantial implications for UBS's operational scope and sustainability targets.

Challenges and Drivers for Change:



UBS's original commitment to achieving net-zero GHG emissions by 2025 was part of its broader strategy to align financial goals with climate-conscious objectives. However, the acquisition of Credit Suisse, which occurred in 2023, created a need for UBS to re-evaluate its previous commitments. The merger introduced increased operational complexities, including the integration of Credit Suisse's emissions data, systems, and sustainability initiatives.

Operational Expansion: The acquisition led to a significant increase in UBS's overall operational footprint. Integrating Credit Suisse's operations into UBS's existing framework involved aligning two distinct sustainability strategies and emission profiles, making the original 2025 net-zero target increasingly unfeasible.

New Risk Factors: The merged entity faced new challenges in harmonizing carbon-reduction goals, adapting sustainability initiatives, and aligning risk management practices across a larger, more diversified organization.

Connected Decision-Making:

UBS's decision to push back its net-zero target was a direct reflection of connected decision-making within the organization. In this context, connected decision-making refers to the process of integrating various business functions, including financial, operational, and ESG considerations, to make well-rounded, informed decisions that align with long-term sustainability goals.

Here's how UBS's decision was shaped by connected decision-making:

Sustainability and Financial Integration:

UBS's sustainability efforts were deeply tied to its financial performance. The bank recognized that setting an ambitious, near-term net-zero target while undergoing a large-scale merger would create unsustainable pressure on its resources. The re-evaluation allowed UBS to balance both financial and environmental priorities in a way that ensured its commitments to sustainability did not compromise its operational stability.

Incorporation of New Data:

The integration of Credit Suisse's emissions data and sustainability performance metrics into UBS's reporting frameworks led to a more nuanced understanding of the carbon footprint across its expanded operations. The decision to extend the net-zero target was also based on the revised, consolidated carbon data, which helped UBS better align its environmental strategy with its business expansion.

Stakeholder Communication:

UBS used connected decision-making not only to refine its sustainability targets but also to communicate the reasons for the delay effectively to its stakeholders. The bank's leadership acknowledged the environmental impact of the delay but emphasized that the decision was



necessary to ensure the long-term alignment of its business operations with its ESG goals. This transparent communication helped mitigate potential reputational damage and maintain investor confidence.

Risk Management:

UBS's decision-making process was also informed by risk management frameworks that considered both climate risks and business continuity risks. The bank's leadership understood that meeting its original target while absorbing the complexities of the merger could create risks in other areas, including operational efficiency, financial stability, and stakeholder relations. By pushing the net-zero target to 2035, UBS aimed to manage these risks more effectively.

Conclusion:

UBS's shift in its net-zero target illustrates how connected decision-making is crucial in the face of large-scale corporate changes like mergers and acquisitions. By integrating sustainability into the broader business strategy and adjusting its targets based on new operational realities, UBS has demonstrated that long-term sustainability goals can be successfully achieved when they are aligned with business operations, risk management, and stakeholder expectations. This case emphasizes the need for companies to continuously adapt their ESG strategies in a dynamic business environment while maintaining transparency with their stakeholders.

Case Study 2: JSW Steel's Strategic Response to the EU's Carbon Border Adjustment Mechanism (CBAM)

Background

JSW Steel Ltd., one of India's largest steel manufacturers, has been a significant player in the global steel market, with a substantial portion of its exports directed towards the European Union (EU). The EU's implementation of the Carbon Border Adjustment Mechanism (CBAM), effective from 2026, poses a challenge for Indian steel producers due to the carbon-intensive nature of their production processes. CBAM aims to impose carbon-related tariffs on imports of high-emission products, including steel, to prevent carbon leakage and promote global decarbonization efforts.

The Challenge

Increased Export Costs: CBAM introduces a carbon tax on steel imports based on their embedded emissions. Given that India's steel production is more carbon-intensive than that of the EU, Indian steel exports face higher costs, potentially up to \$116 per tonne by 2034.

Competitive Disadvantage: The additional costs could make Indian steel less competitive in the EU market, affecting market share and profitability.



Regulatory Compliance: Adhering to CBAM's reporting and certification requirements necessitates significant investments in data collection, emissions monitoring, and compliance systems.

JSW Steel's Strategic Response

In anticipation of CBAM's full implementation, JSW Steel has undertaken several strategic initiatives to align with the EU's carbon regulations:

Establishment of a Green Steel Plant: JSW Steel is constructing a green steel manufacturing facility in Salav, Maharashtra, with an initial capacity of 4 million tonnes per annum (MTPA), aiming to scale up to 10 MTPA. This plant will utilize renewable energy sources and advanced technologies to produce low-emission steel, catering specifically to the EU market.

Adoption of Electric Arc Furnace (EAF) Technology: The company plans to transition from traditional blast furnaces to Electric Arc Furnaces, which are more energy-efficient and produce lower emissions. EAFs primarily use scrap steel and electricity, reducing reliance on coal and decreasing carbon intensity.

Integration of Renewable Energy: JSW Steel is investing in renewable energy projects, including solar and wind power, to supply clean energy to its operations. This integration aims to reduce Scope 2 emissions associated with electricity consumption.

Carbon Emissions Tracking and Reporting: The company is implementing systems to accurately measure and report its carbon emissions, ensuring compliance with CBAM's documentation and certification requirements.

Collaboration with Stakeholders: JSW Steel is engaging with industry associations, policymakers, and technology providers to stay abreast of regulatory developments and to advocate for fair trade practices.

Expected Outcomes

Enhanced Market Competitiveness: By producing low-emission steel, JSW Steel aims to maintain its market share in the EU, even as CBAM increases costs for high-emission imports.

Regulatory Compliance: The company's proactive approach to emissions tracking and reporting positions it to meet CBAM's requirements, avoiding potential tariffs and penalties.

Sustainable Growth: Investments in green technologies and renewable energy contribute to the company's long-term sustainability goals and align with global decarbonization trends.

Conclusion

JSW Steel's strategic initiatives in response to the EU's CBAM exemplify how Indian steel manufacturers can adapt to international environmental regulations. By investing in green



technologies, adopting cleaner production methods, and ensuring compliance with carbon tariffs, JSW Steel not only mitigates the challenges posed by CBAM but also positions itself as a leader in sustainable steel production. This proactive approach serves as a model for other Indian industries facing similar regulatory pressures.

References:

JSW Steel's Green Steel Initiatives – [JSW Steel News](#)

EU Carbon Border Adjustment Mechanism Impact – [ETEnergyWorld](#)

Case Study 3: Tata Group's Climate Change Strategy and Project Aalingana

Background

The Tata Group, under the leadership of then-Chairman Ratan Tata, recognized climate change as a critical global challenge. In December 2007, Tata emphasized the need for Tata companies to adopt a proactive role in mitigating climate change impacts. This vision led to the establishment of the Tata Sustainability Group (TSG), which has since been instrumental in integrating sustainability into the Group's core operations.

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Strategic Framework

The Tata Group's approach to climate change is structured around three key pillars: tatasustainability.com

Mitigation: Reducing greenhouse gas emissions through energy efficiency, renewable energy adoption, and low-carbon technologies.

Adaptation: Enhancing resilience to climate impacts by assessing vulnerabilities and implementing adaptive measures.

Responsible Advocacy: Engaging with stakeholders to shape policies and practices that support climate action.

To operationalize this strategy, Tata companies have undertaken carbon footprint assessments, developed low-carbon strategies, and set science-based targets for emission reductions. Notably, Tata Steel, Tata Motors, Tata Power, and Tata Chemicals have implemented internal carbon pricing mechanisms to guide investment decisions. tatasustainability.com

Project Aalingana

Launched in FY22, Project Aalingana—meaning 'embrace' in Sanskrit—serves as a unified platform for Tata companies to collaborate on sustainability initiatives. The project encompasses seven key companies: Tata Steel, Tata Power, Tata Motors, Jaguar Land Rover, Tata Chemicals, Tata Consultancy Services, and Tata Consumer Products. These companies



collectively account for 99% of the Group's Scope 1 and Scope 2 emissions, 95% of freshwater use, and 99% of solid waste. tatasustainability.com

Key Initiatives Under Project Aalingana

Tata Steel: Investing in ultra-low-carbon steelmaking technologies and carbon capture and utilization systems.

Tata Power: Expanding renewable energy capacity and promoting electric vehicle infrastructure. tatasustainability.com

Tata Motors: Accelerating the development and deployment of electric vehicles.

Tata Chemicals: Implementing carbon capture technologies and enhancing energy efficiency in manufacturing processes.

Governance and Capacity Building

The Tata Sustainability Group provides strategic direction through the Tata Group Sustainability Council (TGSC), comprising CEOs from major Tata companies. This council oversees the implementation of sustainability strategies and ensures alignment with global best practices. Additionally, over 800 'climate champions' have been trained across the Group to drive sustainability initiatives at the operational level.

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Advocacy and External Engagement

The Tata Group actively participates in global sustainability forums and policy dialogues. It is a member of several international organizations, including the World Business Council for Sustainable Development (WBCSD), the Energy Transitions Commission, and the Global CCS Institute. These memberships facilitate knowledge exchange and influence the development of climate policies. tatasustainability.com

Conclusion

The Tata Group's comprehensive approach to climate change, exemplified by Project Aalingana, demonstrates a commitment to integrating sustainability into business operations. By focusing on mitigation, adaptation, and advocacy, and fostering collaboration across its companies, the Group is positioning itself as a leader in corporate climate action.

References

[Tata Sustainability Group – Climate Change & Energy](#)

Tata Sustainability Group – Project Aalingana

Tata Sustainability Group – Our Approach

Case Study 4: Greenwashing Allegations Against DWS Group



Background

DWS Group, Deutsche Bank's asset management arm, faced significant scrutiny over allegations of greenwashing—misleading investors about the environmental sustainability of its investment products. The controversy began in 2021 when former Chief Sustainability Officer Desiree Fixler accused the firm of overstating its ESG (Environmental, Social, and Governance) credentials. Subsequent investigations by regulators in both Germany and the United States led to legal actions and financial penalties.

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Key Events

Whistleblower Allegations (2021): Desiree Fixler publicly claimed that DWS had exaggerated the extent to which ESG factors were integrated into its investment processes. She alleged that the firm misrepresented the proportion of assets managed according to ESG criteria. esgtoday.com

Regulatory Investigations:

Germany: In May 2022, German prosecutors raided DWS's Frankfurt offices as part of an investigation into potential greenwashing practices. The Frankfurt prosecutor's office later fined DWS €25 million (\$27 million) for making misleading statements about its ESG investing practices, stating that the firm's claims of being an "ESG leader" did not align with its actual operations.

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United States: In September 2023, the U.S. Securities and Exchange Commission (SEC) fined DWS \$19 million for similar allegations. The SEC found that DWS had made misleading statements regarding its ESG investment process and failed to implement certain related policies as marketed to investors.

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Internal and External Repercussions:

CEO Resignation: Following the raids and mounting pressure, DWS CEO Asoka Woehrmann resigned in June 2022. dailysabah.com+6esgtoday.com+6esgtoday.com+6

Financial Impact: DWS set aside €27 million to cover potential fines and legal costs associated with the investigations. insurancejournal.com+4bloomberg.com+4bloomberg.com+4

Analysis

The DWS greenwashing case underscores the importance of transparency and accountability in ESG investing. Misleading claims not only damage a firm's reputation but also erode investor trust in the broader ESG investment landscape. The penalties imposed by regulators highlight



the increasing scrutiny of ESG-related practices and the need for firms to substantiate their sustainability claims with verifiable data.

Conclusion

The DWS greenwashing incident serves as a cautionary tale for financial institutions worldwide. It emphasizes the necessity for genuine commitment to ESG principles and the risks associated with overstating sustainability efforts. As regulatory bodies continue to tighten standards, firms must ensure that their ESG practices are not only robust but also transparently communicated to stakeholders.

References

Reuters: Deutsche Bank-owned asset manager DWS fined \$27 million for 'greenwashing'

ESG Today: Deutsche Bank's DWS Fined \$27 Million for Greenwashing

Bloomberg: Deutsche Bank's DWS Pays \$27 Million in German Greenwashing Case

Case Study 5: ESG Due Diligence at Investment Stage - A Private Equity Firm's Approach to Sustainable Investments

Background

In 2023, a private equity (PE) firm, **Green Horizon Capital**, focused on sustainable investments, was in the process of evaluating an acquisition opportunity in the renewable energy sector. The target company, **SolarTech Ltd.**, was a mid-sized solar panel manufacturer with a strong presence in the European market. While SolarTech had a good financial track record, Green Horizon Capital recognized that thorough ESG (Environmental, Social, and Governance) due diligence was essential to ensuring the alignment of its sustainability goals with the potential investment.

The PE firm aimed to assess whether SolarTech's practices were aligned with the firm's ESG objectives, which included minimizing environmental impact, promoting ethical governance, and enhancing social responsibility. Given the growing focus on sustainability in the investment space, Green Horizon Capital's decision-making process required detailed ESG risk assessment before proceeding with the deal.

The Challenge

Environmental Impact:

SolarTech had a solid environmental track record, producing renewable energy products. However, concerns were raised regarding the environmental footprint of its manufacturing processes, including the potential use of hazardous chemicals in production and the energy consumption of its operations. A key challenge was verifying whether SolarTech was using the most sustainable technologies in its manufacturing processes.



Social Responsibility:

The company had a relatively small workforce but faced challenges regarding employee health and safety standards at its production facility. There were concerns about whether SolarTech was fully compliant with labor laws, particularly in the areas of worker safety, fair wages, and diversity. Furthermore, SolarTech's supply chain raised concerns regarding the labor conditions in raw material extraction for solar panels.

Governance Issues:

The target company's governance structure was another area of concern. The management team of SolarTech had a good reputation, but there were no clear policies regarding transparency, executive compensation, and board diversity. Additionally, SolarTech had not disclosed its corporate social responsibility (CSR) efforts in a standardized, transparent way, which was a red flag for Green Horizon Capital.

Green Horizon Capital's ESG Due Diligence Process

Green Horizon Capital followed a robust, multi-phase ESG due diligence process to evaluate the potential investment:

Environmental Due Diligence:

Carbon Footprint Analysis: The PE firm conducted a comprehensive review of SolarTech's carbon footprint, assessing its production methods, energy consumption, and the environmental impact of raw materials used in manufacturing.

Third-Party Audit: Green Horizon Capital hired an external sustainability consultancy to verify SolarTech's claims about using clean energy in its operations. The audit also focused on waste management practices, recycling initiatives, and the use of non-toxic materials in the production process.

Sustainable Product Evaluation: SolarTech's product offerings were evaluated for their energy efficiency and overall impact on reducing global carbon emissions. The firm assessed how SolarTech's technology compared with industry standards for solar panel efficiency.

Social Due Diligence:

Worker Safety and Labor Practices: Green Horizon Capital scrutinized SolarTech's labor practices by reviewing safety records, employee turnover rates, and adherence to local labor laws. A detailed evaluation of workplace conditions was carried out, particularly in relation to worker safety in hazardous areas of production.



Supplier Audits: The firm reviewed SolarTech's supply chain, ensuring that suppliers complied with international labor standards and ethical sourcing practices. Green Horizon Capital conducted site visits to key suppliers and audited their ESG practices.

Community Engagement: SolarTech's contributions to the local community and its corporate social responsibility (CSR) initiatives were evaluated. The firm checked if SolarTech was involved in any social impact projects, such as providing energy access to underserved communities.

Governance Due Diligence:

Board Structure and Leadership: The governance review involved an in-depth analysis of SolarTech's board composition, focusing on diversity, independence, and expertise. The firm also looked at the decision-making processes, executive compensation structures, and internal controls.

Compliance and Transparency: Green Horizon Capital reviewed SolarTech's internal governance policies to ensure they met international standards of transparency and accountability. The firm also assessed the company's policies on anti-corruption, bribery, and compliance with environmental regulations.

Corporate Social Responsibility (CSR) Reporting: The firm examined SolarTech's CSR activities, checking if the company disclosed its efforts in a standardized and transparent manner. They sought to ensure that SolarTech was committed to long-term value creation beyond financial performance.

Integration of ESG Factors into Investment Decision: After collecting data from the ESG assessments, Green Horizon Capital held internal discussions to evaluate the overall risk profile of the investment. They considered:

Risk Mitigation: If the ESG risks identified could be mitigated through improvements post-acquisition, they would move forward with the deal.

Investment Potential: Green Horizon Capital analyzed the long-term financial benefits of the acquisition, particularly with regard to SolarTech's growth potential in the renewable energy market and its alignment with global ESG trends.

Post-Acquisition ESG Strategy: Green Horizon Capital developed a post-acquisition ESG action plan to address any identified gaps in SolarTech's sustainability practices. This plan included steps for improving energy efficiency, worker safety, and board diversity.

Outcomes and Key Findings

Environmental Improvements: Green Horizon Capital found that while SolarTech was making progress in using renewable energy, there was room for improvement in its production



processes. The firm recommended investing in more energy-efficient technologies and further reducing emissions from its operations.

Social Responsibility Concerns: While SolarTech had a good foundation, Green Horizon Capital identified several areas where the company could enhance its social responsibility practices, especially in worker safety and supply chain transparency. The firm proposed conducting a more rigorous audit of labor practices across its supply chain and ensuring better working conditions at the manufacturing plant.

Governance Enhancements: Green Horizon Capital found gaps in governance practices, particularly regarding board diversity and the lack of transparency in CSR reporting. The firm recommended strengthening the board's diversity and ensuring that corporate governance policies were in line with global best practices.

Final Decision: Based on the due diligence process, Green Horizon Capital decided to move forward with the acquisition of SolarTech. The firm outlined a clear roadmap for improving the company's ESG performance post-acquisition. They negotiated ESG-focused clauses in the purchase agreement, which would require SolarTech to adhere to specific environmental and social standards.

Conclusion

Green Horizon Capital's thorough ESG due diligence process allowed it to identify key risks and opportunities related to the acquisition of SolarTech. By incorporating ESG factors into the investment decision-making process, the PE firm ensured that the potential acquisition aligned with its sustainability goals. The firm's proactive approach to managing ESG risks post-acquisition helped mitigate potential issues, positioning SolarTech for long-term success in the growing renewable energy market.

Key Takeaways:

- ESG due diligence is essential for identifying risks and opportunities in sustainable investments.
- Environmental, social, and governance factors must be integrated into the investment strategy for long-term success.
- A comprehensive ESG action plan is critical for improving a company's sustainability practices post-acquisition.

References:

Green Horizon Capital ESG Strategy

SolarTech Sustainability Report



Sustainability Reporting Standards Board

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