

ENVIRONMENT SOCIAL GOVERNANCE (ESG)



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Background :

In recent times, adapting to and mitigating climate change impact, inclusive growth and transitioning to a sustainable economy have emerged as major issues globally. There is an increased focus of investors and other stakeholders seeking businesses to be responsible and sustainable towards the environment and society. Thus, reporting of company's performance on sustainability related factors has become as vital as reporting on financial and operational performance. In view of this it has become imperative for major companies to do a suitable reporting on the same. Business Responsibility and Sustainability Reporting (BRSR) is part of overall reporting of ESG compliance by an organization.

Legal requirement :

SEBI vide Circular no. CIR/CFD/CMD/10/2015 dated November 04, 2015 has prescribed the format for the Business Responsibility Report (BRR) in respect of reporting on ESG (Environment, Social and Governance) parameters by some listed entities. In terms of amendment to regulation 34 (2) (f) of LODR Regulations vide Gazette notification no. SEBI/LAD-NRO/GN/2021/22 dated May 05, 2021, it has now been decided to introduce new reporting requirements on ESG parameters called the Business Responsibility and Sustainability Report (BRSR). With effect from the financial year 2022-2023, disclosure of BRSR shall be mandatory for the top 1000 listed companies (by market capitalization). BRSR disclosure is voluntary for the financial year 2021-22.



BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORTING (BRSR)

BRSR is a form of reporting framework and process of disclosing a company's performance against the nine principles of the National Guidelines on Responsible Business Conduct (NGBRCs) on ESG parameters.

1

General Disclosure

The Section contain details of the listed entity, products/service, operations, employees, holding, subsidiary and associate company, CSR activities, transparency and disclosure compliance.

2

Management and Process Disclosures

It contains details related to policy and management processes, governance, leadership and stakeholder engagement.

3

Principle Wise Disclosures

It contains nine principles for reporting which are categorized into Essential Indicators and Leadership Indicators..



Benefits of BRSR Reporting

Enhance Transparency and Trust with stakeholders

Competitive Advantage and Investor Confidence

Risk Mitigation and ensure Compliance with sustainability regulations

Employee Engagement and Community Impact

Strategic Alignment and Long-Term Value creation

Improved stock performance & valuations, efficient operational practices

Increase in value creation

Better brand image and goodwill of company





SEBI vide Circular no SEBI/HO/CFD/CFD-SEC-2/P/CIR/2023/122 dated July 12, 2023 regarding Business Reporting and Sustainability reporting (BRSR) Core has issued Framework for assurance and ESG disclosures for value chain

Important Features of the BRSR Core Framework are as under:

- Prescribed standards and guidelines for reporting and approach of assurance of Business Responsibility and Sustainability report.
- The BRSR Core represents a subset of the comprehensive BRSR and includes a specific set of key performance indicators (KPIs) / metrics across nine ESG attributes.
- It is formed with a focus on the Indian / emerging market context, additional KPIs have been identified for assurance, such as job creation in small towns, business openness, and gross wages paid to women.
- This would help facilitate better global comparability, intensity ratios based on revenue adjusted for purchasing power parity (PPP) have been incorporated.
- 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

- States various guidelines for ESG Disclosures for Value Chain of applicable Listed entities

Assurance provider to be appointed by companies having necessary expertise to provide reasonable assurance on BRSR Core and should be an Independent Entity with no conflict of interest with the company.

BRSR-CORE – KEY ESG ATTRIBUTES

