

ESG and Sustainability Reporting

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What is the right terminology?

Green Economy

Sustainability

Circular Economy

Sustainable Development

Regenerative Economy

Corporate Social Investment (CSI)

Environmentalism

Environment, Health & Safety (EHS)

Environment Social and Governance (ESG)

Circularity

Social Responsibility

Other

What is the right terminology?

All lead to the same intent and definition

Sustainable Development Definition

Sustainable development was defined in the World Commission on Environment and Development's 1987 Brundtland report 'Our Common Future' as

'development that meets the needs of the present without compromising the ability of future generations to meet their own needs'.

Our common future popularized the most universally accepted definition of "Sustainable Development"

1. Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs. It contains within it two key concepts:

- the concept of 'needs', in particular the essential needs of the world's poor, to which overriding priority should be given; and
- the idea of limitations imposed by the state of technology and social organization on the environment's ability to meet present and future needs.

Six Interconnected Focus Areas of Brundtland Commission

1. Population and Human Resources
2. Food Security: Sustaining the Potential
3. Species and Ecosystems: Resources for Development
4. Energy: Choices for Environment and Development
5. Industry: Producing More with Less
6. The Urban Challenge

⇒ **Balancing needs, wants and limitations**

ESG = Environment, Social and Governance

While it is important for a company to have effective sustainability strategies and policies in place, it is equally important to communicate these to all the stakeholders. The Company's annual report and Investors/ Analysts meets provide a good platform to communicate the company's efforts to a wider audience.



The ESG Assessment Spectrum

Environmental

- Water use
- Resource use and biodiversity
- Water generation and recycling
- Energy and Emissions



Social

- Employee Management
- Supply Chain Management
- Communities
- Customers



Governance

- Board Composition
- Board independence
- Functioning and Experience
- Management track record and control
- Disclosures and shareholder relations
- Compliance/Controversy checks



Material topics to consider for ESG reporting & strategy

ESG includes several topics that are material to the company. Strategies and roadmaps need to be created for all the relevant material topics. These may include the following:

I. Environment:

- Climate change and Emission reduction (example: GHG emissions, Nox, Sox, TPM, VOC emissions, Energy consumption and efficiency)
- Water management (examples: water recycled, water withdrawn, water consumed, any freshwater consumption)
- Waste Management (examples: hazardous and non-hazardous waste management, materials recycled)

The Company while assessing any environmental footprint and impact mitigation initiatives should keep in mind the **4R philosophy – Reduce, Reuse, Recycle and Remove**

II. Social:

- Employee engagement and Learning and Development (examples: employee trainings and hours, career growth opportunities)
- Diversity, Equity and Inclusion (examples: inclusion initiatives for gender, skill ability and generation, gender pay gap, ethics and grievance redressed)
- Health and Safety (examples: LTFIR reduction targets, near miss learnings, indecent reporting)

III. Governance:

- Board diversity (example: number of women on the Board)
- Board level ESG performance monitoring and involvement



Frameworks and Ratings

Global ESG Frameworks



There are multiple national and global ESG Frameworks and Ratings.

Four important frameworks to consider are the following:

1. GRI
2. IR
3. BRSR
4. WEF-IBC

Global ESG Ratings



Business Responsibility Report – History

Business Responsibility Report (BRR) is a disclosure of adoption of responsible business practices by a listed company to all its stakeholders.

Applicability of the mandate

July 2011

Ministry of Corporate Affairs, Government of India introduced NVG which focused in principles on Social, Environmental and Economic responsibilities of business

August 2012

Business Responsibility Reporting (BRR) was mandated for Top100 listed companies for disclosure on ESG parameters in annual report. The reports to be prepared in line with NVG principles

December 2015

Mandate extended for top 500 listed companies of India by market capitalization

November 2019

Mandate extended for top 1,000 listed companies of India by market capitalization

Organizations can comply with mandate by disclosing information on the ESG parameters in the format prescribed by SEBI which should form part of the annual report OR sustainability report which are based on internationally accepted reporting framework

Way Forward – NGRBC and BRSR

- In order to align the National Voluntary Guidelines (NVGs) with the emerging global concerns, the NVGs were revised and released as **National Guidelines on Responsible Business Conduct (NGRBCs)** in March 2019
- In March '21, SEBI board decided to introduce new requirements for sustainability reporting by listed entities i.e., **Business Responsibility and Sustainability Reporting (BRSR)** which shall **replace BRR**
- In May'21, SEBI issued circular noting departure from BRR to BRSR for top 1000 listed entities (by market capitalization) and **mandated reporting BRSR w.e.f FY 22-23**

Why BRSR Matters

BRSR will be integrated with filings made on MCA21 portal

Business Responsibility Sustainability index will be developed through info captured

NGRBC Principles

◆ Nine Guiding principles of NGRBC ◆

1

*Integrity, Ethics,
Transparency,
Accountability*

2

*Safe and sustainable
goods & services*

3

Well-being of employees

4

*Respect and
responsiveness to
all stakeholders*

5

*Respect and promote
Human Rights*

6

*Respect, protect and
restore the environment*

7

*Responsible and
transparent
policy advocacy*

8

***Promote** inclusive
growth and equitable
development*

9

*Provide value to
consumer
responsibly*

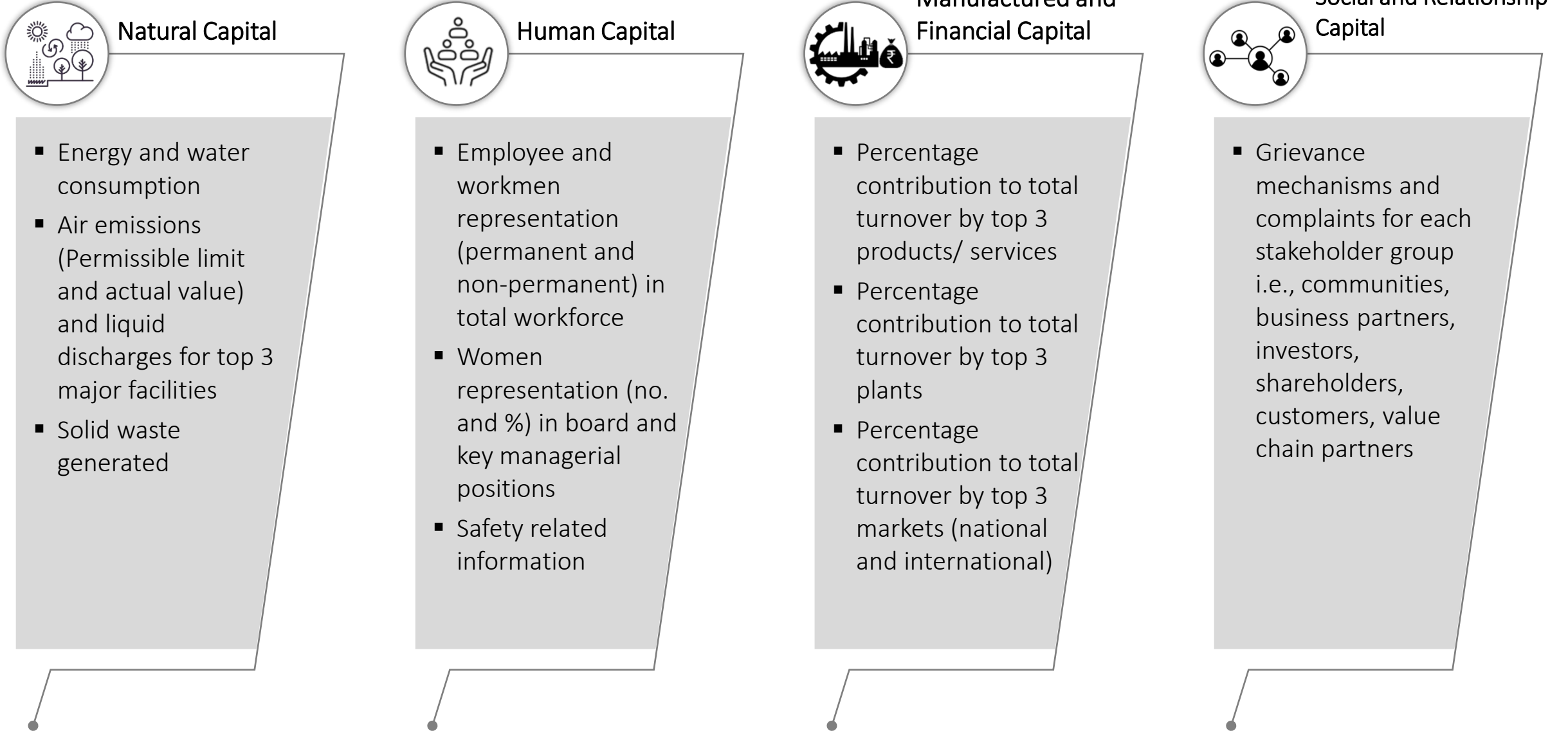
BRSR and the NGRBC Principles

- Across the Sections, BRSR asks about 140 questions
- Across the 9 Principles, BRSR asks for 122 indicators (as shown below)
- Each Principle has Essential (i.e. mandatory) and Leadership (i.e. voluntary) Indicators.

How BRSR incorporates NGRBC's nine principles

Principle	Description	Essential indicators		Leadership indicators		New indicators added (as % of total indicators)
		Old indicators (part of BRR)	New indicators	Old indicators (part of BRR)	New indicators	
Principle 1	Businesses should conduct and govern themselves with integrity, and in a manner that is ethical, transparent and accountable	2	5	0	2	78%
Principle 2	Businesses should provide goods and services in a manner that is sustainable and safe	2	2	2	3	56%
Principle 3	Businesses should respect and promote the well-being of all employees, including those in their value chains	2	14	0	6	91%
Principle 4	Businesses should respect the interests of and be responsive to all its stakeholders	2	0	0	3	60%
Principle 5	Businesses should respect and promote human rights	1	9	2	3	80%
Principle 6	Businesses should respect and make efforts to protect and restore the environment	2	13	1	8	88%
Principle 7	Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent	2	1	0	1	50%
Principle 8	Businesses should promote inclusive growth and equitable development	3	2	2	5	58%
Principle 9	Businesses should engage with and provide value to their consumers in a responsible manner	4	3	1	4	58%

BRSR Essential Indicators and the IR framework overlap



BRSR Questions and Summary

Annexure 1 issued by SEBI lists the questions and their format. A summary of the questions is given below:

Principle	Questions Summary
Principle 1	<p>Questions are regarding</p> <ul style="list-style-type: none"> • fines/ punishments levied, • bribery and corruption related policies and cases, • corrective actions taken, • awareness programs for Board and value chain partners, and • process put in place to manage conflict of interest involving Board members.

Principle 1: Sample Question

1	Percentage coverage by training and awareness programmes on any or all the Principles in 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 and KMPs				
Workers				

BRSR Questions and Summary

Principle	Questions Summary
Principle 2	<p>Questions are regarding</p> <ul style="list-style-type: none"> • R&D investments, • sustainable sourcing, • quantities of and processes to reuse/ recycle/ dispose product waste at its end of life, • Extended Producer Responsibility (EPR) applicability and plan, • product Life Cycle Assessments (LCA) conducted and the outcomes/ concerns/ actions, and • quantity of recycled/ reused input material used.

Principle 2: Sample Question

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 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.
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.					
	Product / Service		Description of the risk / concern		Action Taken	

BRSR Questions and Summary

Principle	Questions Summary
Principle 3	<p>Section requests data about employees, workers and value chain partners. Questions include</p> <ul style="list-style-type: none"> • benefits for employee and worker well-being (insurance, parental leave, day-care, gratuity, PF, ESI), • accessibility for the differently abled, • equal opportunity provider policy, • return to work and retention rate (by gender), • employee grievance redressal process and complaints data, • union membership data, • training hours data (by gender), • career development reviews, • health safety management system and processes, • safety incidents (LTIFR, incidents, fatalities, rehabilitation), • Health-safety-working conditions assessments conducted for employees & value chain partners & any corrective actions taken, • statutory payments to value chain partners, and • transition assistance program for any separations.

Principle 3: Sample Question

11	Details of safety related incidents, in the following format:			
	Safety Incident/Number	Category	FY Current Financial Year	FY Previous Financial Year
		Employees		
	Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked)	Workers		
		Employees		
	Total recordable work-related injuries	Workers		
		Employees		
	No. of fatalities	Workers		
		Employees		
	High consequence work-related injury or ill-health (excluding fatalities)	Workers		

BRSR Questions and Summary

Principle	Questions Summary
Principle 4	Questions are regarding <ul style="list-style-type: none">• stakeholder identification and consultation,• materiality assessment, and• engagement with vulnerable/ marginalized stakeholder groups.

Principle 4: Sample Question

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.

BRSR Questions and Summary

Principle	Questions Summary
Principle 5	<p>Section requests for quantitative and qualitative data regarding Human rights practices for employees, workers and value chain partners. Questions include</p> <ul style="list-style-type: none"> • data on human rights training, • minimum wages paid, median remuneration/ wages (for Board, KMP, employees and workers), • human rights committee/ personnel, • grievance redressal mechanism for human rights issues, • complaints and prevention mechanisms (for sexual harassment, discrimination, child labour, forced labour, wages or other human rights issues for employees and value chain partners), and • human rights assessments and due diligence conducted and corrective actions taken.

Principle 5: Sample Question

3	Details of remuneration/salary/wages, in the following format:	Male		Female	
		No.	Median remuneration/ salary/ wages of respective category	No.	Median remuneration/ salary/ wages of respective category
	Board of Directors				
	Key Managerial Personnel				
	Employees other than BoD and KMP				
	Workers				

BRSR Questions and Summary

Principle

Questions

Principle 6

Environment section's mandatory quantitative data requirements include

- energy consumption,
- water withdrawal by source, water consumption,
- air emissions (NO_x, SO_x, PM, VOC),
- GHG emissions (Scope 1 and Scope 2),
- waste generated by type, waste recovered (through recycling, reusing or other), waste disposed (incinerated, landfill and other),
- environmental compliances, and
- external audit/ assurance for all quantitative data.
- Mandatory qualitative data is requested for PAT targets and progress on targets, zero liquid discharge mechanisms, GHG emission reduction projects, waste management practices, operations in ecologically sensitive areas where environmental clearances are required, and environmental impact assessment (EIA) projects and their results.

Voluntary or Leadership Indicators include

- energy consumption from renewable and non-renewable sources,
- water discharge by destination, water withdrawal, consumption and discharge in areas of water stress,
- Scope 3 emissions break-up,
- details of impact on biodiversity in the ecologically sensitive areas,
- innovative technologies to reduce environmental impact or improve resource efficiency,
- business continuity and disaster management plan,
- adverse impact and mitigation along the value chain, and
- environment assessment of value chain partners.

BRSR Question Examples

Principle 6: Sample Questions

3	Provide details of the following disclosures related to water, in the following format:		
	Parameter	Current Financial Year	Previous Financial Year
	Water withdrawal by source (in kilolitres)		
	(i) Surface water		
	(ii) Groundwater		
	(iii) Third party water		
	(iv) Seawater / desalinated water		
	(v) Others (rainwater)		
	Total volume of water withdrawal (in kilolitres) (million m3)		
	Total volume of water consumption (in kilolitres)		
	Turnover (INR in crore)		
	Water intensity per rupee of turnover (Water consumed / turnover)		
	Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.		

6	Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) & its intensity, in the following format:			
	Parameter	Unit	Current Financial Year	Previous Financial Year
	CO2	Metric tonnes of CO2 equivalent		
	CH4	Metric tonnes of CO2 equivalent		
	N2O	Metric tonnes of CO2 equivalent		
	Flare emissions	Metric tonnes of CO2 equivalent		
	Total Scope 1 emissions (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available)	Metric tonnes of CO2 equivalent		
	Total Scope 2 emissions (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available)	Metric tonnes of CO2 equivalent		
	Turnover (INR in crore)			
	Total Scope 1 and Scope 2 emissions per rupee of turnover (kgCO2/Rs.)			
	Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.			

BRSR Questions and Summary

Principle	Questions Summary
Principle 7	Questions include list of industry associations, corrective actions taken on issues regarding anti-competitive behaviour/ adverse orders from regulators, and details of public policy positions advocated.

Principle 7: Sample Question

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.	Reach of trade and industry chambers/ associations (State/National)
	1	

BRSR Questions and Summary

Principle	Questions Summary
Principle 8	Section requests data on Social Impact Assessments (SIA) of projects and mitigation actions, Rehabilitation and Resettlement (R&R) projects, mechanisms for community grievances, inputs materials sourced from MSMEs and same/neighbouring districts, CSR projects and spend by district, preferential procurement from marginalized /vulnerable groups, and benefits from IP based on traditional knowledge and corrective actions taken in case of dispute.

Principle 8: Sample Question

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 project	SIA Notification No.	Date of notification	Whether conducted by independent external agency (Yes / No)	Results communicated in public domain (Yes / No)	Relevant Web link

BRSR Questions and Summary

Principle	Questions Summary
Principle 9	Section includes customer complaints data and corrective actions, feedback mechanism, product recalls, data privacy policy and data breaches, product display information and compliances, and consumer awareness about safe and responsible use of products.

Principle 9: Sample Question

3	Number of consumer complaints in respect of the following:						
	Current Financial Year				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	
	Data privacy						
	Advertising						
	Cyber-security						
	Delivery of essential services						
	Restrictive Trade Practices						
	Unfair Trade Practices						
	Other						

Thank you