

INTERTEK ASSURIS

# **BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORTING (BRSR)**

SEBI India



# BACKGROUND

In 2012, the Securities and Exchange Board of India (SEBI) mandated that the top 100-listed companies by market capitalisation prepare Business Responsibility Reports (BRR) as part of their annual reports. In 2015, that requirement was extended to the top 500-listed companies. Then, in 2019, based on the “National Guidelines on Responsible Business Conduct” (NGRBC)—an updated version of the “National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business” (NVGs)—the requirement was extended to the top 1,000 companies by market capitalisation.

On 05 May 2021, the SEBI released new mandatory requirements for Business Responsibility and Sustainability Reporting (BRSR) for those top 1,000-listed entities, and voluntary reporting for others, for the fiscal year 2022-23. The SEBI Circular No. SEBI/HO/CFD/CMD-2/P/CIR/2021/562 containing the format of the BRSR was published on 10 May 2021. SEBI has prioritised BRSR due to more companies wanting to assess their Environmental, Social and Governance (ESG). BRSR will not only help companies assemble ESG data; it will also enable them to confidently communicate corporate risks and opportunities to their stakeholders. BRSR also aligns with international reporting standards and frameworks, making it more relevant to international investors.

The SEBI BRSR mandate encourages companies to have an ESG focus and helps investors analyse company actions in greater detail against a single reporting standard. The BRSR mandate also helps investors compare quantitative data of different companies, on the same scale, using the same parameters. Through this disclosure, the SEBI hopes that banks, credit rating agencies, and other financial institutions will use the information in BRSRs, along with financial information, to assess the credibility of a business. Both Indian and International investors can rely on this disclosure to measure and monitor a company’s performance.

# BENEFITS OF BRSR

The goal of BRSR is not only to consolidate sustainability reporting, but to implement NGRBC principles and address new ESG concerns. Quantifying ESG information makes company data more focused, more analytical, and more transparent, catching the eyes of stakeholders and investors. The report requires companies to address the adequacy policies and controls in place in their organisation and describe the policies and processes they implement. This ensures companies follow the ESG path both on paper and in practice.

## THE NINE PRINCIPLES OF NGRBC:



**PRINCIPLE 1**

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



**PRINCIPLE 2**

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



**PRINCIPLE 3**

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




**PRINCIPLE 4**

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



**PRINCIPLE 5**

Businesses should respect and promote human rights



**PRINCIPLE 6**

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



**PRINCIPLE 7**

Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent



**PRINCIPLE 8**

Businesses should promote inclusive growth and equitable development



**PRINCIPLE 9**

Businesses should engage with and provide value to their consumers in a responsible manner



Since the change from BRR to BRSR, several additions have been made to make it a one-stop solution for public disclosures. The ESG component of BRSR aims to enable businesses to engage more meaningfully with their stakeholders and go beyond regulatory financial compliance by volunteering reports on their environmental and social impacts.

The advantages of BRSR for an organisation are:

- Better comparable metrics
- Transparency and better disclosure of ESG data
- Promotion of new analytical techniques
- Identification of risks and opportunities
- Focus on carbon neutrality
- Investing in ESG-related funds and sustainable finance



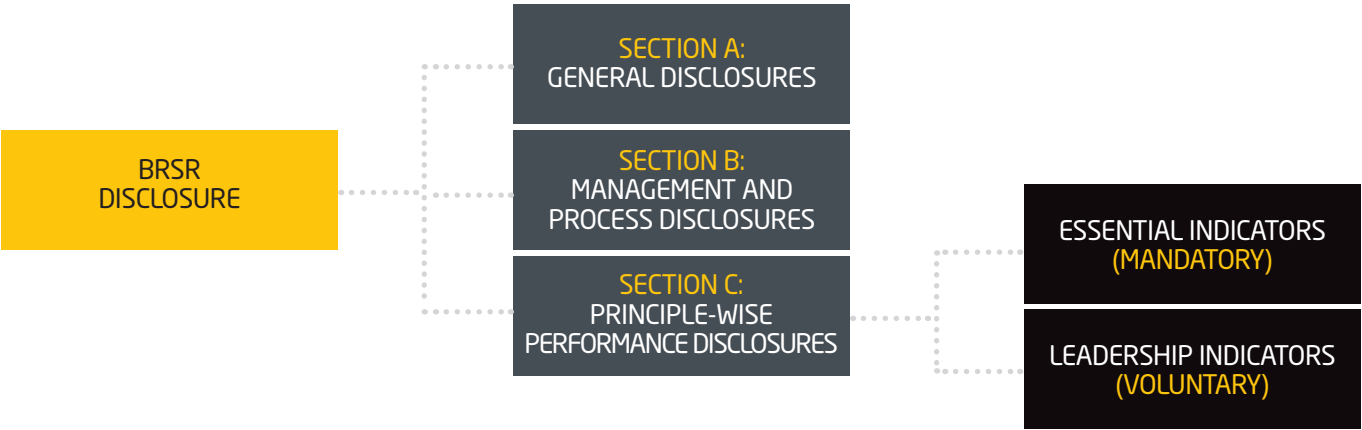
Alignment with the ESG Concept

BRSR focuses on an organisation’s material topics and their efforts to mitigate risks, making the reporting standard compliant with ESG practices. The material topics emphasized by BRSR are listed below.

ENVIRONMENTAL	SOCIAL	GOVERNANCE
<ul style="list-style-type: none"><li>• Energy and GHG/scope emissions</li><li>• Solid waste management</li><li>• Water consumption and withdrawal</li><li>• 3R practices</li><li>• Sustainable sourcing</li><li>• Extended producer responsibility (EPR)</li><li>• Life cycle assessments (LCAs)</li></ul>	<ul style="list-style-type: none"><li>• Employee well-being</li><li>• Health and safety of workers</li><li>• Training</li><li>• Human rights</li><li>• Social impact assessment</li><li>• Gender equality</li><li>• CSR activities</li></ul>	<ul style="list-style-type: none"><li>• Anti-corruption and anti-bribery policies</li><li>• Conflict management process</li><li>• Retention policies</li><li>• Remuneration policies</li><li>• Stakeholder engagement</li></ul>

BRSR SECTIONS

BRSR has been divided into 3 major sections:



**Section A: General disclosures** contains details of the listed entity; products or services; operations; employees; holding, subsidiary, and associate companies (including joint ventures); CSR; transparency; and disclosure compliances.

**Section B: Management and process disclosures** contains questions related to policy and management processes, governance, leadership, and oversight.

**Section C: Principle-wise performance disclosures** - Companies are required to report on KPIs in alignment with the nine principles of the NGRBC. The section classifies KPIs into 2 sub-categories (mentioned below). Companies are required to report on KPIs in alignment with the nine principles of the NGRBC:

- **Essential indicators (mandatory):**  
Comprises data on training programmes conducted, environmental data on energy, emissions, water, and waste, social impacts generated by the company, etc.
- **Leadership indicators (voluntary):**  
Enables companies to comply with special indicators for better accountability and responsible purpose. Some KPIs include data on life cycle assessments (LCAs), details on conflict management policy, biodiversity data, energy consumption breakup, Scope 3 emissions, and supply chain disclosures.

INTERTEK’S APPROACH FOR BRSR

To help companies align with SEBI’s requirements for BRSR, Intertek can provide the following services:

- PLANNING AND CAPACITY BUILDING

1.

In this step, Intertek consults BRSR requirements and establishes a framework for the organisation. The step involves the board or management who can take necessary actions. The organisation’s alignment with BRSR is analysed, and the required capacity building within the organisation is carried out.
- IDENTIFICATION OF MATERIAL TOPICS AND RISKS

2.

Intertek identifies material topics and related risks by engaging with different stakeholders. Once the material issues are identified, risks are identified.
- DATA COLLECTION

3.

Intertek develops a data collection process and template, as per the requirements of BRSR, and the organisation’s data for the financial year is collected.
- INTERNAL REVIEW

4.

Intertek conducts an internal review to evaluate gaps and performance of the business entity and ensure the right competencies are developed. The frequency of review is outlined at the executive and board levels.
- CONTENT DEVELOPMENT AND FINALISATION

5.

Intertek provides support to develop the business sustainability content, and upon approval from management, it is included in the annual report, in a separate section to strengthen ESG communication.
- COMMUNICATION AND FEEDBACK

6.

Publishing ESG information in BRSR format will not guarantee that the information reaches the right stakeholders; Thus, Intertek will support in outlining a clear communication plan to ensure the ESG information reaches the right stakeholders.

Intertek’s subject matter experts supports clients in providing an end-to-end solution to meet their sustainability goals.



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