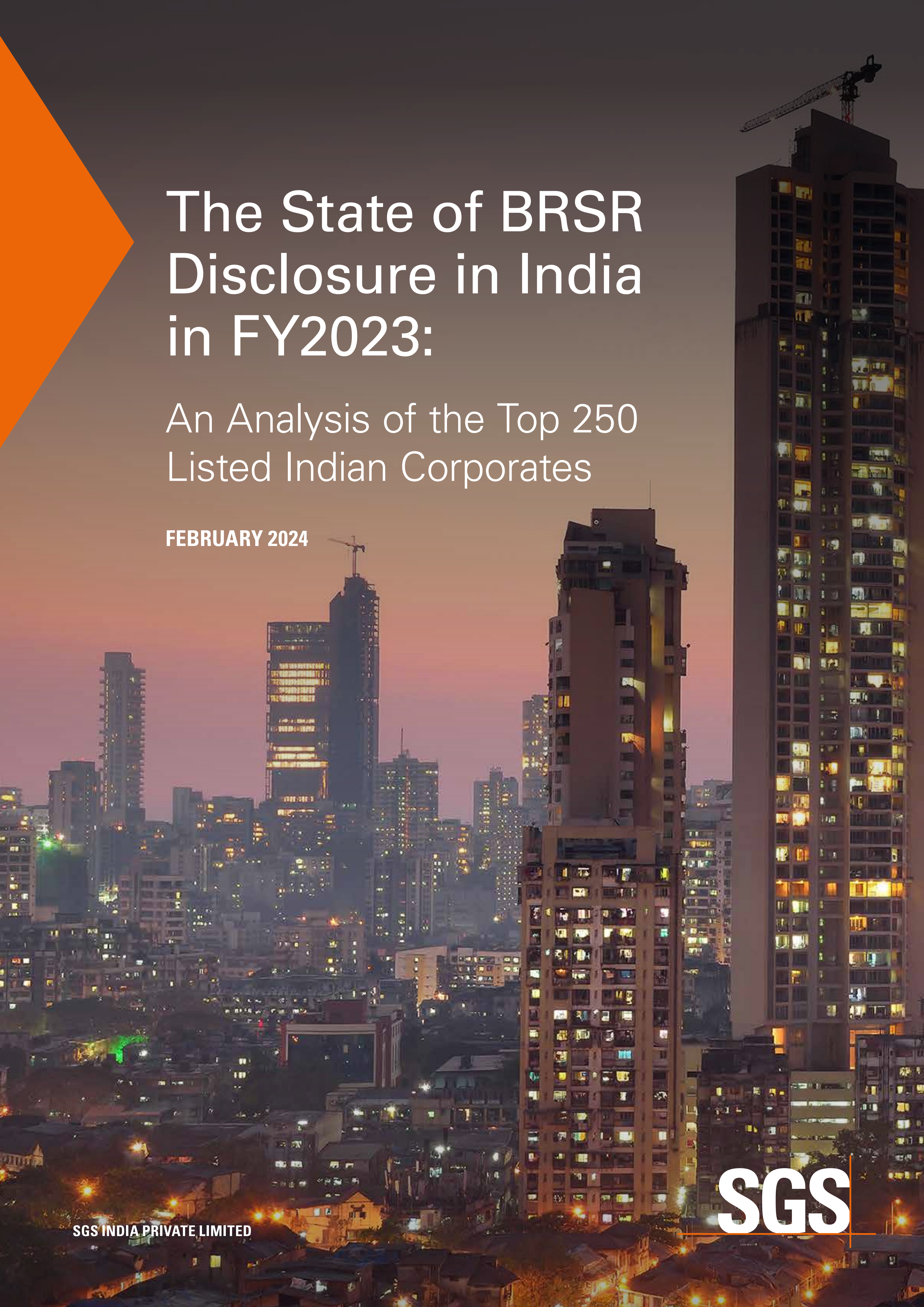
The State of BRSR Disclosure in India in FY2023:

An Analysis of the Top 250 Listed Indian Corporates

FEBRUARY 2024



SGS INDIA PRIVATE LIMITED

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Executive Summary

Purpose:

The study explored the BRSR reporting practices of the top 250 Indian corporates by market capitalization as evaluated against the BRSR guidelines.

Methodology:

The study employed content analysis to present the status of ESG disclosures of the leading Indian corporates against the criteria outlined in the BRSR framework mandated by SEBI.

Findings:

The analysis indicated that more than 98% of the selected Indian corporates have reported on several key ESG aspects such as: total energy consumption, cyber security policy, discrimination, child labour, forced labour, POSH, anti-corruption and ESG training awareness to their employees. Furthermore, the analysis also indicated that more than 90% of the selected corporates have reported on ESG aspects such as Scope 1 and Scope 2 GHG emissions, energy intensity, GHG intensity, spending on employee wellbeing, health and safety management system, LTIFR, and % wages paid to women.

However, a very limited proportion of selected corporates have reported on their social impact assessment, total water discharge, Scope 3 GHG emissions and training awareness for value chain indicators.

Recommendations:

Based on the findings the report provides recommendations across six key areas such as

- ESG Assurance
- Impact Assessment
- ESG Governance
- Local Development
- Developing Value Chain Capabilities
- Scope 3 Accounting

The implementation of these recommendations is expected to help Indian corporates to improve the quality of their disclosures. Furthermore, it will also result in improved ESG performance while enabling informed decision making for stakeholders.

Key Words: BRSR, BRSR Core, Indian Corporates , Value Chain, Assurance, Governance

Abbreviations

ESG	Environmental, Social and Governance
BRSR	Business Responsibility and Sustainability Report
BRR	Business Responsibility Report
SEBI	Security Exchange Board of India
NGRBC	National Guidelines for Responsible Business Conduct
LTIFR	Lost Time Injury Frequency Rate

Key Highlights

Environment

MORE THAN 92% Corporates reported their Scope 1 and Scope 2 emissions	**99.12%** Reported on total energy consumption	**79.65%** Reported on waste disposal
42% Corporates reported on Scope 3	**95%** Reported on energy intensity	**90.27%** Reported on total water consumption

Social

MORE THAN 99% Reported on child labour, forced labour and non-discrimination	**86.28%** Reported on local sourcing	**94.69%** Health and safety management system
93.36% Reported on fatalities	**98.23%** Reported on POSH	**98.23%** Have policies on cyber security

Governance

98.67% Reported on anti-corruption	**91.15%** Reported on Conflict of Interest
71.24% Reported on Anti-competitive Behaviour	**99.12 %** Provided ESG trainings to their employees

ESG Governance

103 CORPORATES Have standalone ESG reports	**48 CORPORATES** Assured their BRSR reports	**44 CORPORATES** Have standalone ESG committees

Introduction

Sustainability reporting has become a standard business practice for corporates to transparently disclose their environmental, social, and economic performance to their stakeholders in order to create value, build legitimacy and identify performance improvement areas. It allows corporates to enhance their reputation, satisfy customer expectations while promoting themselves as responsible businesses. Moreover, it enables corporates to disclose their ESG goals, visions, initiatives, and performance with a wide range of internal and external stakeholders through a series of systematic indicators. Many international organisations, educational institutes, and not-profit organisations have developed different sustainability reporting frameworks based on either ESG approach or triple bottom line approach. To name few, Global Reporting Initiative (GRI) Standards, Integrated Reporting <IR>, and Sustainability Accounting and Standard Board (SASB) are the most widely accepted ESG reporting frameworks.

Recognizing the growing importance of sustainability, the Securities Exchange Board of India (SEBI) has also introduced an ESG reporting framework, named Business Responsibility and Sustainability Reporting (BRSR) to best suit the sustainability disclosure requirements in the Indian context. The BRSR is an evolved version of the erstwhile Business Responsibility Report (BRR) and is based on the nine principles of the National Guidelines for Responsible Business Conduct (NGRBCs). It is also aligned with the GRI Standards and United Nation's Sustainability Development Goals (SDGs). The BRSR reporting is applicable to the top 1000 listed Indian corporates based on market capitalization. This framework expects Indian corporates to disclose their ESG performance through three sections: general section, management and process disclosures and principle wise performance disclosure. In the general section, corporates provide details of their business, products and services, operations, holding, subsidiary, and associate corporates, including joint ventures and corporate social responsibility. In the second section corporates are expected to provide details on their governance, leadership, and oversight for ESG. The performance disclosure across the nine principles of the NGRBCs through essential and leadership indicators is expected in the third section of the framework.

SEBI is continuously focused on improving the BRSR framework in order to enhance the quality of reporting and uptake of ESG reporting in India. In August 2023, the market regulator has also introduced the BRSR Core framework, which provides a specific set of KPIs covered under nine attributes. It has also incorporated these KPIs in the existing BRSR framework, which is mandatory for the top 1000 listed corporates starting FY2023-24.

Considering the growing awareness of ESG and BRSR reporting in India, this study is conducted to understand the state of BRSR reporting in India. In particular, this study focuses on the BRSR disclosures of the top 250 Indian corporates. This has resulted in the compilation of recommendations to strengthen the quality of ESG disclosures across Indian corporates.

Business Responsibility and Sustainability Reporting (BRSR)

Evolution of BRSR in India

Sustainability has its roots in the Indian culture; however, it was formalized when Ministry of Corporate Affairs (MCA) issued the 'Voluntary guidelines on CSR' in 2009. These guidelines were updated in 2011, as 'the National Voluntary Guidelines on Social, Environmental, and Economic Responsibilities of Business' for Indian businesses to consider environment, economy, and social topics into their operations.

They addressed nine elements- human rights, ethics, product life-cycle sustainability, accountability and transparency, wellbeing of the employees, engagement of stakeholders, environment, policy advocacy, inclusive growth and equitable development and value to customers. In August 2012, SEBI introduced the Business Responsibility Reporting (BRR) framework based on NVGs principles and it was initially mandatory for the top 100 listed corporates based on market capitalization.

It was later extended to the top 1000 corporates in 2019-20. While BRR came with its set of limitations, it paved the way for the BRSR which is more exhaustive, emphasizes on quantitative and standardized disclosures, extends to the value chain, and aligns with international ESG reporting frameworks. The BRSR has been designed to ensure comparability among organisations from the same sector, reducing reporting fatigue for corporates and improving transparency and accountability.

The BRSR Framework

The BRSR framework is a valuable tool for corporates to demonstrate their commitment to sustainability and responsible practices.

Moreover, it allows corporates to effectively communicate how they create positive impact on the environment and the communities where they operate. The principle-wise Performance Disclosure section of the BRSR enables corporates to highlight the effectiveness of their ESG efforts and provides a clear and concise way for businesses to communicate their ESG performance, allowing stakeholders to assess their ESG progress and impacts of their corporates .

Structure of BRSR Reporting

SECTION A
General Disclosures
(About the entity)

SECTION B
Management and Process
(Management approach)

SECTION C
Principle-wise performance
(About each principle)

Essential Indicators
(Mandatory)

Leadership Indicators
(Voluntary)

INDICATORS OF BRSR REPORTING

The BRSR framework requires corporates to report their ESG performance using a series of essential and leadership indicators. Essential indicators are the foundation of the BRSR report, which are mandatory to report. These indicators cover critical areas such as a company's sustainability policies, goals, and targets, as well as its impact on the environment, health, and safety of employees, human rights, and economic value distribution. Leadership indicators, which are voluntary to report, are a set of disclosures that surpass the basic requirements of the BRSR framework. These indicators encompass various aspects such as a company's innovative and sustainable practices, engagement with its stakeholders and efforts towards inclusive growth and equitable development. By reporting on both essential and leadership indicators, corporates can display their commitment to sustainable development while also highlighting their progress and aspirations to become industry leaders.

OVERVIEW OF PRINCIPLES OF BRSR

The BRSR is a structured framework based on the nine principles of the National Guidelines for Responsible Business Conduct. These principles enable corporates to incorporate sustainability considerations into their decision-making processes, engage with stakeholders on sustainability issues, and transparently report their ESG performance. Collectively, these principles represent a significant step forward in promoting sustainable business practices in India.

PRINCIPLE 1

Businesses should conduct and govern themselves with integrity, and in a manner that is ethical, transparent and accountable.

This principle emphasizes the need for corporates to operate with integrity, adhere to ethical standards while maintaining transparency and accountability. Corporates should establish a culture of trust and respect, both internally and externally and uphold high standards of honesty & fairness and avoid any behavior that could be considered unethical and deceitful. Additionally, corporates should be transparent about their operations, providing clear and comprehensive information about their activities and financial performance.

PRINCIPLE 2

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

This principle focuses on holding the responsibility of providing sustainable and safe goods and services. This means that corporates must prioritize production practices that minimize their impact on environment and ensure that their offerings are free from harm for both customers and ecosystem. Businesses should own their responsibility towards reducing their carbon footprint, minimizing waste, and using resources in a responsible manner.

PRINCIPLE 3

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

This principle emphasizes on the well-being of all employees including value chain such as suppliers, contractors, and temporary workers. It is vital for corporates to provide a healthy and safe working environment, fair compensation, and opportunities for career growth to all employees in their operations. Businesses should foster a positive work culture that promotes employee's satisfaction and productivity.

PRINCIPLE 4

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

This principle is dedicated to stakeholder engagement. Corporates must understand and meet the reasonable expectations of their internal and external stakeholders, including shareholders, employees, customers, suppliers, and local communities to ensure success of their businesses.

PRINCIPLE 5

Businesses should respect and promote human rights.

This principle is focused on respecting human rights, emphasizing the need to uphold and advance fundamental rights such as the right to speak, associate with others, and maintaining privacy etc. Businesses must take proactive measures to prevent and resolve any human rights violation that may occur in their operations or supply chain. Corporates should ensure that respect for basic human rights remains at the forefront of their business practices.

PRINCIPLE 6

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

This principle highlights the significance of environmental stewardship where corporates are supposed to aim to reduce their negative ecological footprint, conserve natural resources and promote sustainable practices. Corporates should also make efforts to restore damaged ecosystem that involves undertaking initiatives such as reforestation, wetland restoration and soil conservation. Businesses can also adopt eco-friendly policies and can invest in green policies.

PRINCIPLE 7

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

This principle emphasizes on the policy regulations, where corporates must uphold the principle of responsible advocacy. It should be done in a transparent manner, refraining from any activities that could potentially harm the public interest or any legal process. They should ensure that their advocacy efforts are conducted in a way that is both ethical and beneficial for society.

PRINCIPLE 8

Businesses should promote inclusive growth and equitable development.

The principle of inclusive and equitable economic development highlights the significance of promoting economic growth that benefits everyone. As responsible corporate entities, corporates should prioritize creating opportunities that are accessible to all, including those who are often marginalized and disadvantaged. They should also play a role in supporting the development of local communities and empowering them socially and economically.

PRINCIPLE 9

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

This principle emphasizes the importance of responsible consumer engagement. Corporates must prioritize delivering safe and high-quality product and services, while also ensuring their marketing and sales practices are ethical and responsible. Corporates should prioritize transparency by providing consumers with necessary information to make logical decisions.

OVERVIEW OF PRINCIPLES AND THEIR INDICATORS

PRINCIPLE 1
Ethical business

- Collective knowledge of the governing bodies
- Compliance with regulations
- Anti-corruption

PRINCIPLE 2
Sustainable products

- Sustainable sourcing
- Waste management
- Material management
- Life Cycle Assessment
- Extended producer responsibility

PRINCIPLE 3
Employee engagement

- Employment
- Parental leaves
- Training and education
- Occupational health and safety
- Supplier social assessment

PRINCIPLE 4
Stakeholder engagement

- Stakeholder engagement

PRINCIPLE 5
Human rights

- Diversity and inclusion
- Remuneration
- Non-discrimination
- Forced/child labor
- Freedom of association
- Supplier social assessment

PRINCIPLE 6
Environmental management

- Energy consumption
- Water and effluents
- Emissions
- Waste
- Biodiversity
- Supplier environmental assessment

PRINCIPLE 7
Policy management

- Public policy advocacy

PRINCIPLE 8
Equitable growth

- Local communities
- Procurement practices

PRINCIPLE 9
Customer management

- Marketing and labelling
- Customer privacy

NEW DEVELOPMENT BY SEBI

SEBI is focused on continuous development of the current BRSR framework to make it more comprehensive and applicable to wide range of industries.

In circular dated in July and August 2023, SEBI has introduced some disclosure and assurance requirements for Indian corporates, this includes the consideration of value chain as well. The new updates are as follows :

BRSR CORE	REVISED BRSR	BRSR CORE FOR VALUE CHAIN	BRSR CORE ASSURANCE
Applicable to top 1000 corporates from FY 2023-24	Incorporation of BRSR core attributes	ESG disclosure of value chain based on BRSR Core	Reasonable BRSR Core assurance for top 1000 companies

BRSE CORE AND UPDATED BRSR

Based on the recommendations of the ESG Advisory Committee and public consultations, SEBI has introduced the BRSR Core to assure the ESG performance of the listed Indian corporates. BRSR Core is a distilled version of the comprehensive BRSR, honing around a specific set of key performance indicators across nine ESG attributes. SEBI has also introduced two new attributes: fairness in engaging with customers and suppliers and open-ness of business in order to develop a comprehensive reporting framework. As a part of fairness in engaging with customers and suppliers attribute, corporates are required to report on instances involving loss / breach of data of customers as a percentage of total data breaches or cyber security events and number of days of accounts payable. Furthermore, in the open-ness of business attribute, corporates are required to report on concentration of purchases & sales done with trading houses, dealers, and related parties and loans and advances & investments with related parties. In addition to these attributes, SEBI has also introduced additional KPIs in the other attributes such as job creation in small towns, gross wages paid to women. It also incorporated intensity ratios based on purchasing power parity. SEBI has also updated its existing BRSR framework by incorporating the BRSR core indicators and requires top 1000 listed corporates to report their ESG performance by using updated BRSR framework from FY2023-24. The overview of BRSR core attributes and KPIs as follows:

OVERVIEW OF BRSR CORE ATTRIBUTES

ATTRIBUTE 1
GHG footprint

- Total Scope 1 emissions
- Total Scope 2 emissions
- Total GHG Emission Intensity

ATTRIBUTE 2
Water footprint

- Total water consumption
- Water consumption intensity
- Water Discharge by destination and levels of treatment

ATTRIBUTE 3
Energy footprint

- Total energy consumed
- % of energy consumed from renewable sources
- Energy intensity

ATTRIBUTE 4
Embracing circularity

- Specified types of waste
- Total waste generated
- Waste intensity
- Total waste recovered
- Total waste disposed

ATTRIBUTE 5
Embracing employee wellbeing and safety

- Spending on measures towards employee wellbeing (% of revenue)
- Details of safety-related incidents of employees and workers

ATTRIBUTE 6
Enabling gender diversity

- Complaints on POSH
- Gross wages paid to females as % of wages paid

ATTRIBUTE 7
Embracing inclusive development

- Input material sourced from MSMEs/ small producers and from within India
- Job creation in smaller towns – wages paid to persons employed in smaller towns

ATTRIBUTE 8
Fairness in engaging with customers and suppliers

- Instances involving loss/breach of data of customers (Principle 9)
- Number of days of accounts payable

ATTRIBUTE 9
Open-ness of business

- Concentration of purchases & sales done with trading houses, dealers, and related parties
- Loans and advances & investments with related parties

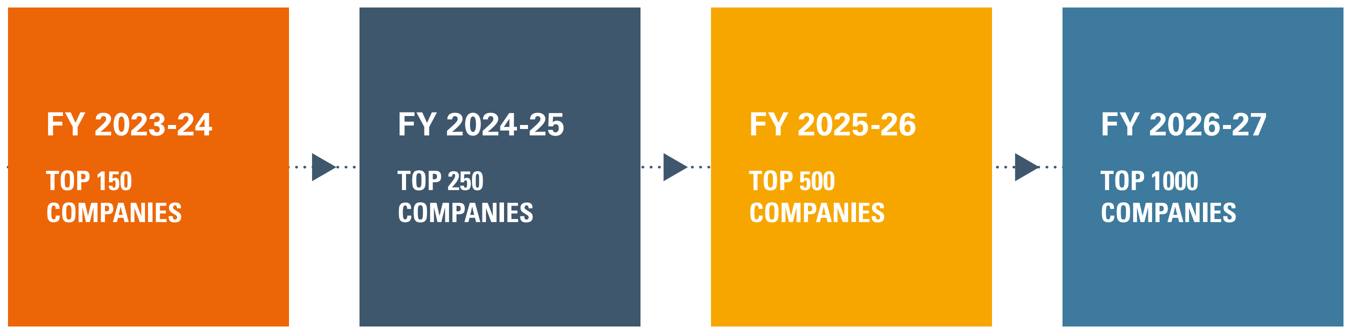
ESG DISCLOSURES FOR VALUE CHAIN

SEBI has introduced the disclosure and assurance requirements for value chain as well. Starting FY 2024-25, the top 250 listed entities (by market capitalization) are required to disclose the ESG information for their value chain in accordance with the BRSR core guidelines. The value chain of a company includes its upstream and downstream partners, which together makeup 75% of its purchases and sales by value. This will be implemented on a comply-or-explain basis. Furthermore, SEBI has also introduced assurance requirements for the value chain. From FY 2025-26, limited assurance will be applicable on the BRSR core KPIs on comply or explain basis.

BRSR CORE ASSURANCE

SEBI has provided a glide path for reasonable assurance on BRSR core. The top 150 corporates are required to assure their BRSR core indicators included in their FY23-24 BRSR at reasonable level.

Subsequently, these requirements shall also be cascaded to the top 250 corporates in FY 2024-25, the top 500 corporates in FY 2025-26 and the top 1000 corporates in FY 2026-27 respectively. SEBI has also provided some requirements for third party assurance service providers to ensure the quality and reliability of assurance. For example, the Board of a listed company must ensure that assurance provider of their BRSR Core has the appropriate expertise to provide reasonable assurance. Furthermore, corporates must ensure that there is no conflict of interest with the assurance provider, meaning that the provider or any of its associates cannot sell products or offer non-audit/non-assurance services, including consulting services, to the company or its affiliated entities.



Methodology

Sample selection

The top 250 Indian corporates based on market capitalization were selected as the sample for this analysis.

The sample included corporates across various sectors including banking, financial and insurance services, construction, consumers, manufacturing industry (automotive, consumer goods, components, chemicals, food and beverages, electrical, textile and apparel, industrial machinery and computers and electronics), energy and mining, ground freight and logistics, healthcare, information technology and metals and mining.

Of the top 1000 eligible corporates, top 250 were selected for this study as they have attained a certain maturity in their sustainability reporting journey and would be in a better position to disclose their ESG data and performance.

Coding approach

Content analysis was employed to ascertain if the sample corporates have reported specific key indicators in their BRSR reports. Content analysis is a systematic procedure to quantify the presence or absence of indicators disclosed in non-financial disclosures. A binary coding scheme was used to examine the presence or absence of BRSR indicators in the reports of sample corporates, with 0 representing no disclosure and 1 representing full disclosure of a particular sustainability indicators against the criteria given in the BRSR framework. For example, Principle 3, Question 4 of the BRSR frameworks requires corporates to report their equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016. If a firm reports their equal opportunity policy, then a score of 1 was provided, otherwise a score of 0 was assigned.

This technique allowed the coders to code the data in a systematic manner. In house data experts coded these BRSR reports of sample corporates over a period of 4 weeks with a consistent and valid coding scheme. The coding scheme was developed based on the indicators provided in the BRSR framework. A thorough maker and checker system was deployed to ensure the robustness of the process and reliability of the extracted data.

Results and Analysis

Energy and climate change

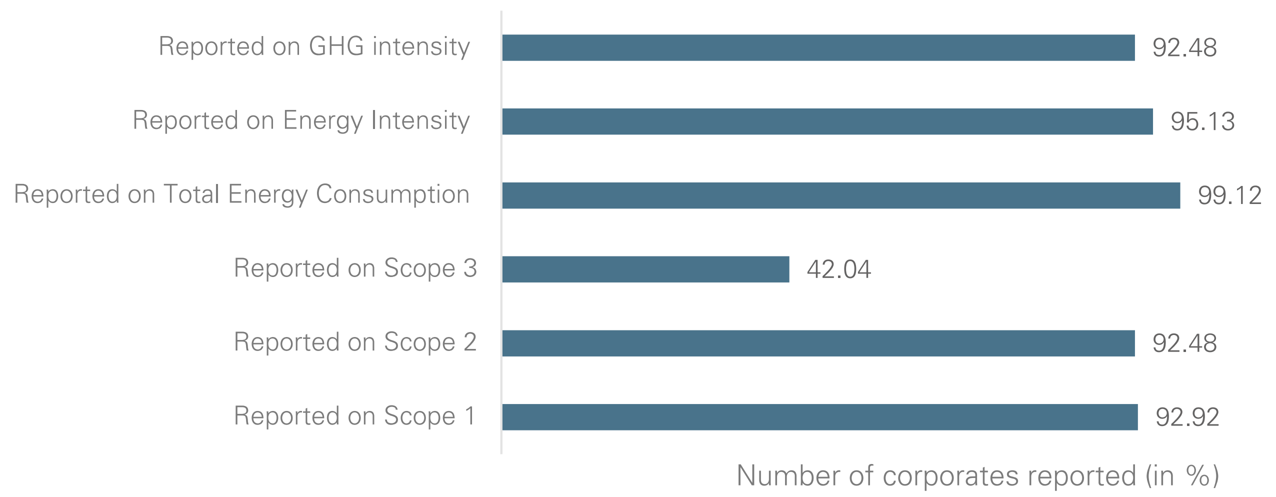
GHG footprint and energy footprint are one of the most important attributes of the BRSR core. The results indicated that Indian corporates understand the importance of climate change, which is currently one of the most pressing environmental concerns worldwide.

The results shows that more than 92% of the sample corporates have reported on their Scope 1 and Scope 2 GHG emissions. Furthermore, almost all (99%) corporates have reported their total energy consumption from renewable and non-renewable energy sources. More than 92% corporates have also reported their energy consumption and GHG emission intensity. Surprisingly, 95 corporates have reported Scope 3 emissions, despite being a voluntary indicator of the BRSR framework.

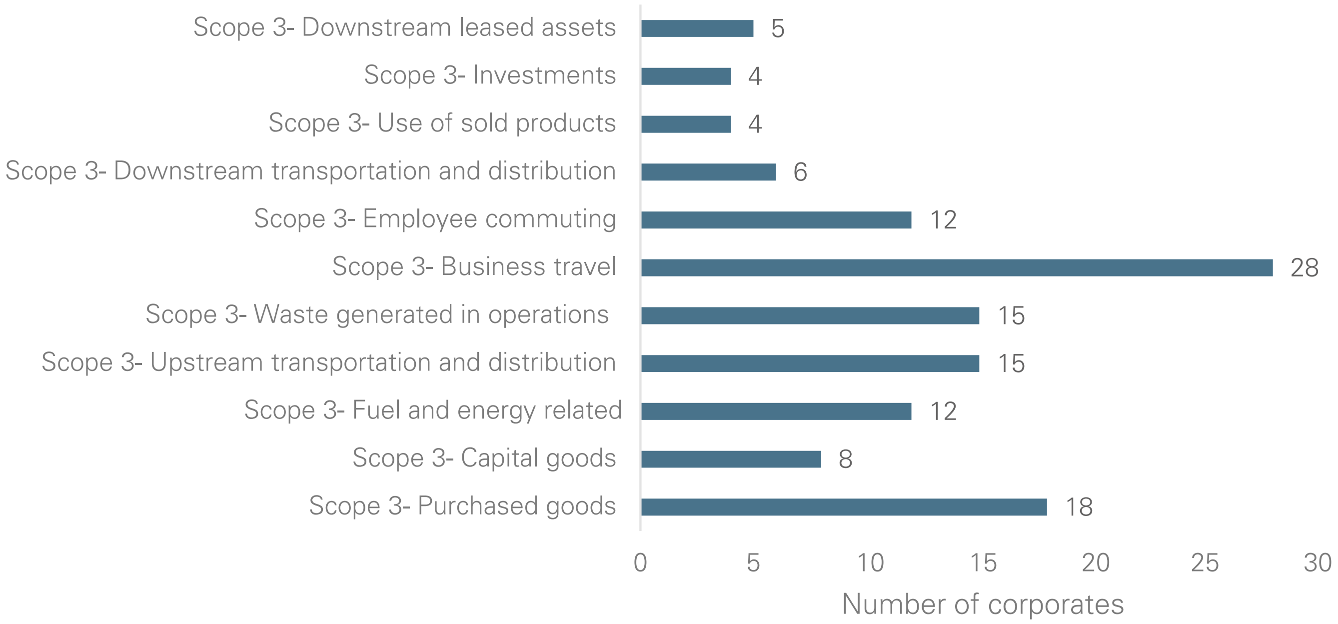
Purchased goods, fuel and related emissions, waste. generated in operations, business travel and employee commute remain the most reported categories for Scope 3 GHG emissions.

Few corporates also reported other categories such as downstream transportation and distribution, end-of-life treatment of sold products, use of sold products and investments. The significant proportion of reporting on Scope 1 and 2 emissions can be justified through several reasons. First, Scope 1 and Scope 2 emissions are easy capture and calculate as compared to Scope 3. Scope 3 emissions generally occur beyond operational premises, where business do not have direct controls. Therefore, data collection becomes a very tedious and time-consuming process. Second, Scope 1 and Scope 2 indicators come under the essential indicator category of the BRSR framework. The same logic also applies to the total energy consumption indicator of the BRSR framework.

Energy and Climate Change



Scope 3 emissions



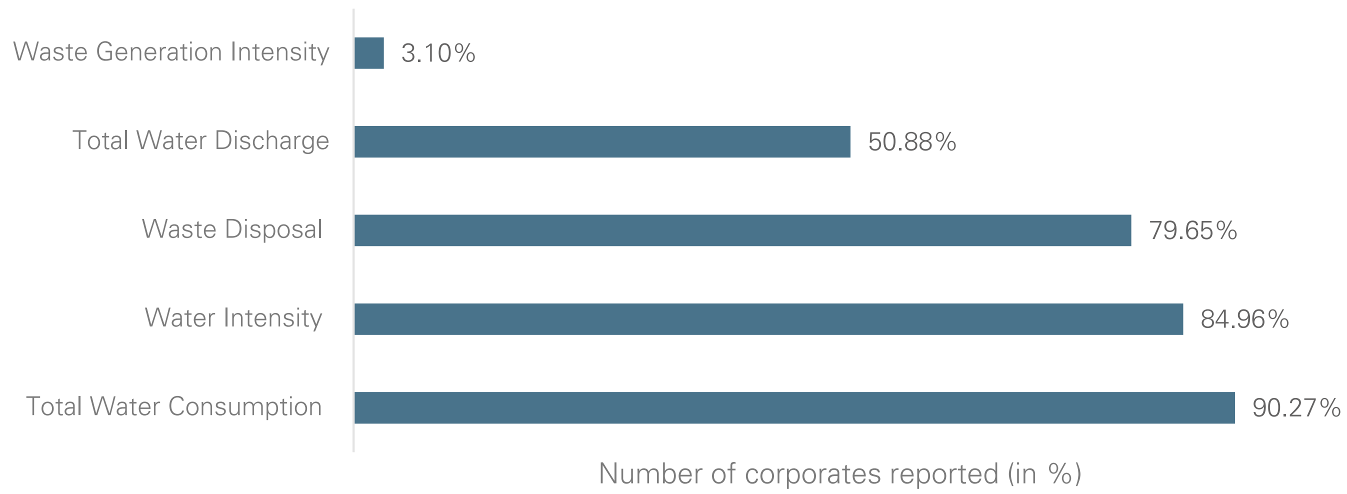
Water and waste management

Water footprint is another attribute of BRSR core. In this attribute, corporates are required to disclose their water consumption and intensity. The analysis shows that more than 90% corporates have reported on their total water consumption. Furthermore, 84.96% corporates have reported on total water consumption intensity. Total water discharge remains a voluntary indicator in the BRSR framework. However, only 51% corporates have reported on this indicator. The results also indicate that many corporates falling under the category of water intensive industries have implemented sewage treatment facilities (STPs) and effluents treatment plants (ETPs) to effectively manage the quality of their discharge. Many of these corporates have achieved zero liquid discharge, which may have helped them to reduce their freshwater usage and water discharge quantity.

The BRSR core also includes an attribute related to circularity and waste management which include specified types of waste that is divided into hazardous and non-hazardous waste such as plastic, e-waste, biomedical, construction, radioactive, waste chemicals, and other hazardous waste. Corporates are required to measure total waste generated, waste intensity and track their total waste recovery data through recycling, reusing, and other recovery options. They are also required to report on their waste disposal data.

The analysis indicated that 80% of the assessed corporates have reported their waste disposal data and only 3% corporates have reported their waste generation intensity.

Water and Waste Management



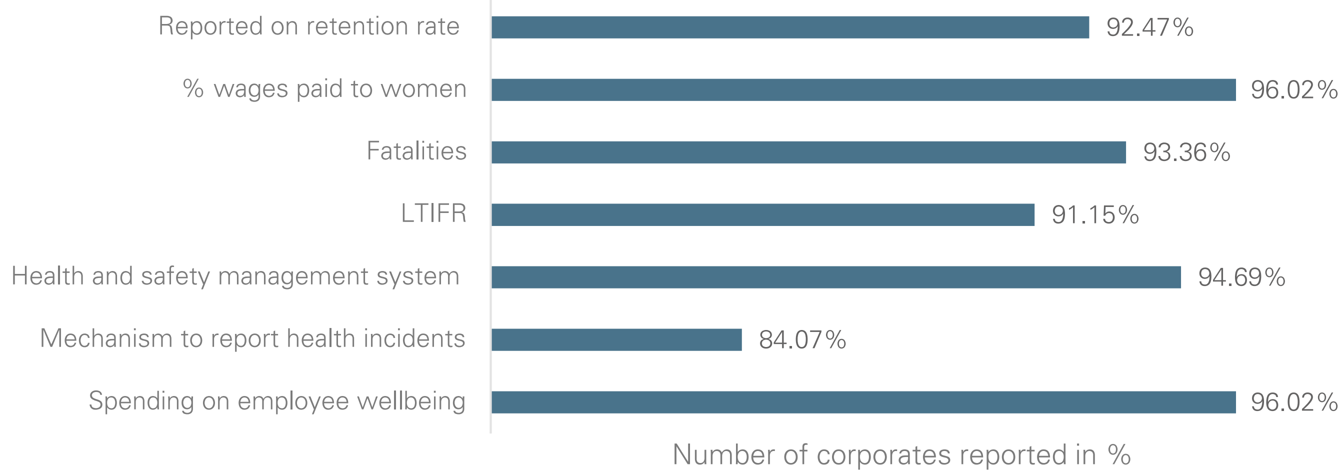
Employee health, safety, and well-being

Principle 3 of the BRSR framework is focused on employee health safety and well-being and is in alignment with national employee welfare laws. In this principle corporates are required to disclose information about worker safety, health, working conditions, minimum wages, and benefits.

The analysis indicates that 96% of corporates reported on their spending of employee wellbeing, which demonstrates their commitments to improve the wellbeing of their employees. Furthermore, 95% corporates have reported on the indicator pertaining to Employee health and safety management indicator.

Based on the analysis, 84% corporates have reported on mechanism to report health incident, and 93% corporates reported on LTIFR (Lost Time Injury Frequency Rate), showing a very conscious approach towards health and safety of their employees. This positive trend in health and safety higher proportion can be attributed to stringent occupational health and safety regulations in India. By recognizing the issue of gender discrimination, SEBI also requires corporates to report on % of wages given to women. The study indicates that 96% corporates have reported on %wages given to women, where some corporates claimed that they will close the gender pay gap in the upcoming years and are in the process of creating more opportunities.

Employee health, safety and well-being



Local sourcing

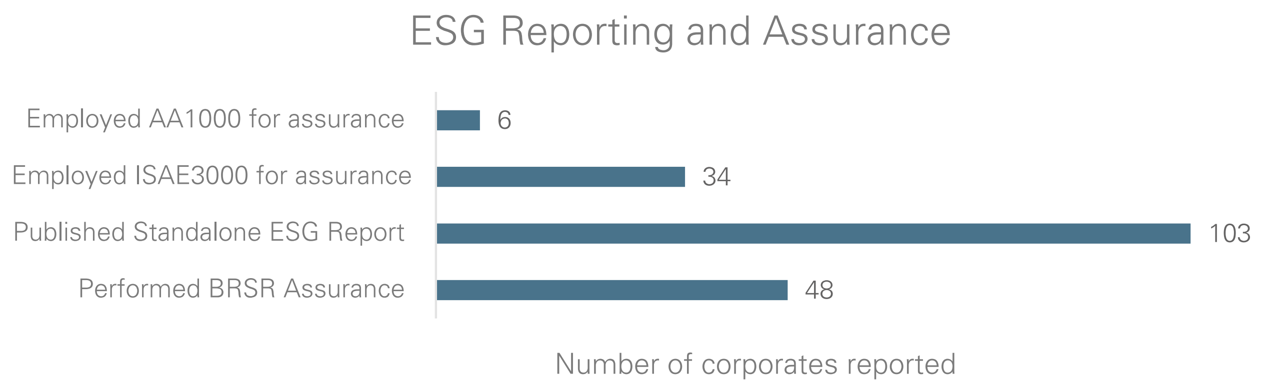
Local sourcing is a crucial factor for corporates to promote economic growth in the communities where they operate. It helps in creating local employment opportunities, fosters collaborations, resulting in socio-economic growth of local communities and businesses.

It also allows corporates to reduce their operational cost, reduce logistics footprint, effectively manage their supply chains, and reduce dependency on single foreign retailers. The analysis indicates that, 86% of the assessed corporates are sourcing locally, demonstrating their commitment to local development and sustainability.

ESG Assurance

The analysis indicates that only 19.02% (48 corporates) have assured their BRSR reports. Most of the corporates have preferred ISAE 3000 standards, with only 6 corporates opting for AA1000 assurance standards.

With the recent development from SEBI, mandating reasonable assurance for the top 150 listed corporates, this number is likely to go up in the subsequent years.



Information security

Strong data privacy and information management mechanisms allow corporates to protect sensitive data including personal information and other confidential data of their customers. Any data loss or breach could lead to adverse impacts on business continuity by exposing confidential, sensitive, or protected information.

The analysis indicates that around 80% corporates have reported on data breaches. Many corporates have performed Privacy Impact Analysis to ensure that security is completely integrated into their operations and formulated policies on information security. Our analysis indicates that, Indian corporates have extensive focus on the challenge of information security and more than 98% of the top 250 corporates have cyber security and data privacy policies in place.

Impact assessment

Impact assessment allows corporates to identify the potential impacts of their products and services on the natural environment and communities where they operate. Corporates can take a reference of Life Cycle Assessment (LCA) and Social Impact Assessment (SIA) to calculate the potential positive or negative impact of their products or services. LCA is a process of evaluating the effects that a product has on the environment over the entire period of its life.

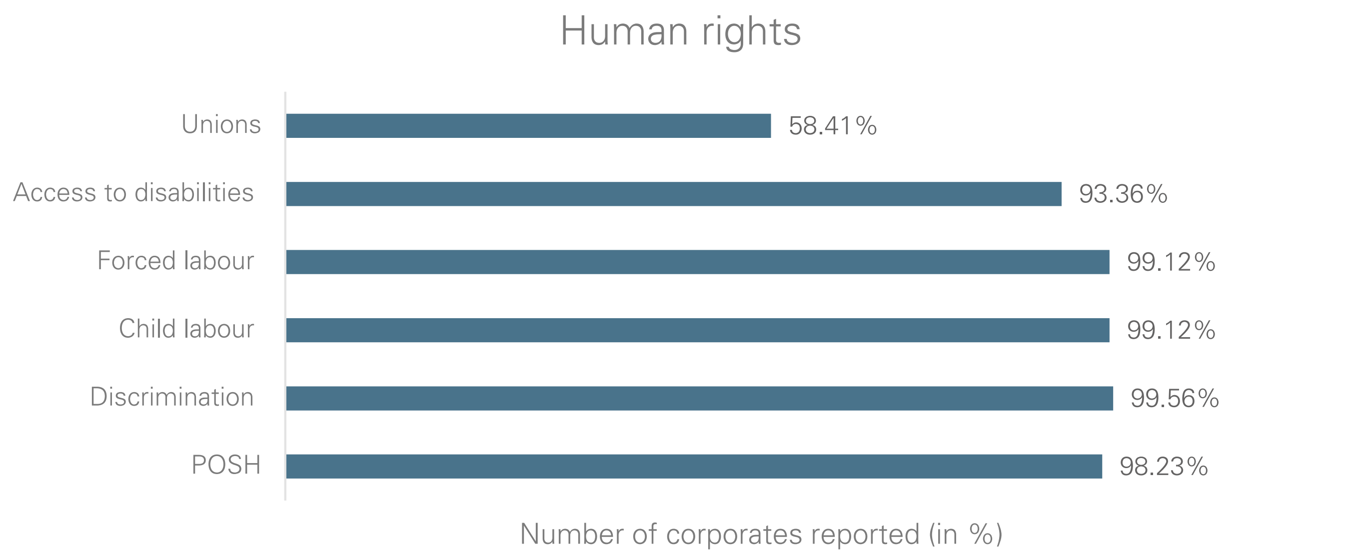
LCA is achieved through conducting the 'Life Cycle Assessment' as per ISO 14040/44 standard and is conducted in accordance with Product Category Rules (PCR). The analysis indicated that only 25% of the top 250 corporates conducted LCA using either cradle to gate, cradle to grave or cradle to cradle approach. Furthermore, only 11% corporates have reported on social impact assessment, which refers to the identification of the anticipated or actual impacts of a development, intervention on those social, economic, and environmental factors.

Human rights

Principle 5 of the BRSR framework is related to human rights. In this principle, corporates are required to disclose information related to child labour, forced labour, discrimination, POSH, access to disabled and freedom of association.

The analysis indicates that Indian corporates understand the importance of human rights aspects and are committed to respecting the human rights of their workforce, communities and those affected by their operations. Almost all corporates (more than 98%) have reported on child labour, forced labour, POSH and discrimination More than 93% corporates have reported on access to disabilities.

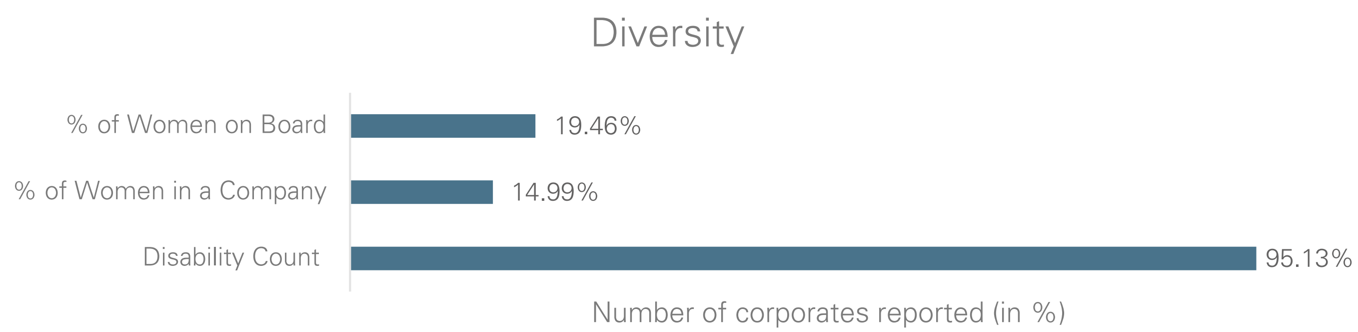
Furthermore, the important aspect of freedom of association has been reported by 132 corporates.



Diversity

In Principle 5, corporates are also required to address the aspect of workplace diversity. The analysis indicates that more than 95% corporates have reported on disability count.

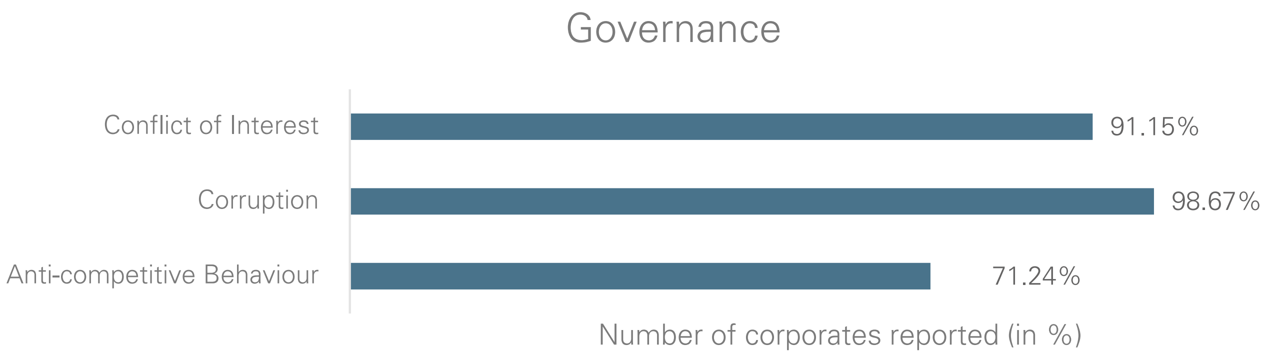
The analysis also indicates the lower proportion of women in the workforce and at the board level. The average overall proportion of male to female ratio is at 85:15.



Governance

Strong governance allows corporates to ensure compliance with government regulations and emerge as a responsible and transparent business. It also enables corporates to apply highest ethical practices in their business activities to build strong relationships with their wide range of internal and external stakeholders. It is considered as a mechanism to achieve strategic goals responsibly, while being accountable to all stakeholders.

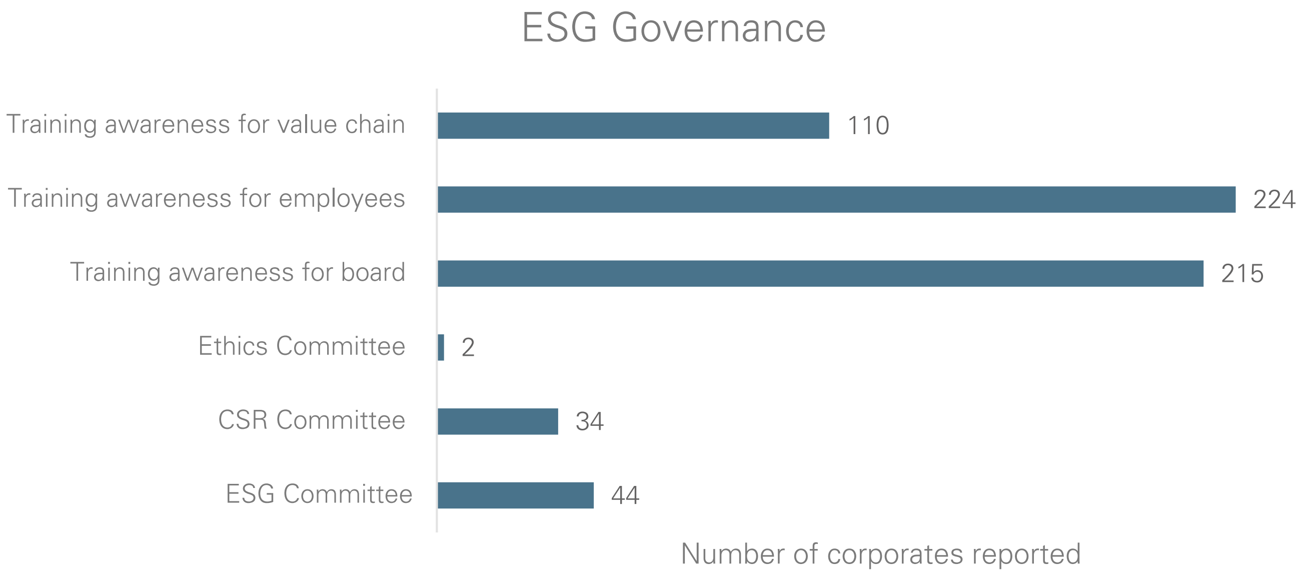
The analysis indicates that Indian corporates are focused on building strong corporate governance. More than 98% corporates have reported on the anti-corruption aspect. These corporates have developed various policies, procedures, and protocols to address and report the aspect of anti-corruption. Furthermore, more than 90% corporates have reported on conflict of interest. Corporates have also attempted to report on the aspect of anti-competitive behavior. More than 71% corporates have reported this aspect.



ESG Governance

A strong ESG governance mechanism is required to develop the culture of sustainability, deploy policies, ensure commitment and drive actions to embed sustainability within the operations and value chain. The analysis indicates that 44 corporates have standalone ESG committees to manage their ESG activities. Furthermore, 34 corporates have CSR committees in place, which also oversee ESG initiatives.

The analysis also indicates that corporates are focused on developing ESG capabilities of their employees and board members. More than 95% corporates of the assessed corporates have reported on indicators related to ESG awareness training provided to employees and board members. Many corporates have also understood the importance of value chain partners in achieving sustainability. The analysis shows that 110 corporates have provided ESG training awareness programs to their value chain partners.



Recommendations

ESG Assurance

ESG reports are often scrutinized for their reliability and accuracy. The analysis indicates that very few corporates have assured their ESG or BRSR reports.
It is recommended that Indian corporates opt for assurance of their ESG disclosure. The process of assurance allows corporates to evaluate their data, create robust data collection mechanism, standardize the approach towards data collection across its operations and value chain, improves the involvement and accountability of key stakeholders including leadership. ESG assurance also increases the confidence of investors and other stakeholders, as a third-party independent assurance service provider authenticates not only the data reported but also the systems and controls in place for sustainability. It also allows corporates to further improve their performance by identifying performance gaps.

Achieving sustainability of value chain

Value chain plays a pivotal role in ESG performance of an organization. Sustainable supply chain allows corporates to reduce their indirect negative environmental impact, improve labour conditions of their supply chain partners, reduce operational costs, improve continuity of their supply chains, and enhance their reputation as an ethical business. Understanding the importance of achieving sustainability of supply chain, SEBI is now requiring the top 250 corporates to collect the ESG data for their upstream and downstream value chain partners in accordance with the BRSR core guidelines from the financial year FY2024-25. The analysis indicates that only 48.67% of the corporates are providing ESG trainings to their value chain partners. To be able to comply with the stringent requirements laid down by SEBI, organisations are required to venture beyond training and awareness and meaningfully engage with their value chain partners on sustainability requirements. Given that majority of the environmental and social impact for any organisation stems from beyond its operational boundaries, it is recommended that organisations chart a roadmap for embedding sustainability in the value chain. The BRSR framework provides an effective starting point for corporates to train, engage and drive sustainability in value chain.

Life cycle assessment

Life Cycle Assessment (LCA) is a process of evaluating the effects that a product has on the environment over the entire period of its life thereby increasing resource-use efficiency and decreasing liabilities. Measuring the environmental impact of a product from extraction of raw materials till the end-of-life is crucial for the corporates to make sustainable decisions. The International Standards Organization (ISO) has provided ISO 14040 and 14044 for carrying out Life Cycle Assessment which includes four stages such as, (1) Goal and scope definition, (2) Inventory analysis, (3) Impact assessment, (4) Interpretation. It is recommended that hard to abate sectors may perform LCA as it will assist them to reduce their operational costs while improving their environmental impact.

Local development

Sourcing locally offers many benefits for businesses and the environment. One of the key advantages is the reduction of transportation costs. By sourcing materials and products from local suppliers, corporates can minimize the costs associated with transportation, such as fuel, maintenance, labor, and corporates can reduce the distance and time it takes to transport goods, reducing emissions from transportation. When businesses purchase goods and services from local suppliers, they support the growth of the local economy and create jobs for community members. By going local, businesses benefit themselves and contribute to the sustainable development of their surrounding communities. When corporates get their products from local sourcing corporates, they have more control over the quality of their materials and products as they can regularly visit and inspect their supplier's facilities, ensuring they meet the necessary standards. By investing in local suppliers and producers, businesses can reduce their carbon footprint, improve the quality of their products, and build stronger relationships with their customers. Moreover, supporting local businesses can help create more jobs and stimulate economic growth in the area. It is recommended that Indian corporates may improve the proportion of local sourcing in their overall procurement.

Focus on scope 3 accounting

Scope 3 emissions are the major contributors to a company's total GHG emissions, which are very complex to calculate and address. These emissions generally come from a company's upstream and downstream value chain and are beyond the operational boundaries of corporates. The analysis indicates that a very small percentage of Indian corporates report on Scope 3 GHG emissions.

Corporates have mainly reported on business travel and employee commute. These categories are relatively

easy to calculate and monitor. The corporates yet to start their Scope 3 GHG accounting, should start their journey towards decarbonization by calculating their emissions from business travel and employee commute. Following which they can expand their focus on capturing their emissions from upstream and downstream value chain partners. Although SEBI has currently mandated only top 250 corporates to report on the BRSR core attributes for the value chain from FY2024-25, corporates falling under the category of 251-1000 can encourage their suppliers to collect and monitor this data, given the ever-evolving mandates by SEBI. This shall also ensure capturing and reporting of emissions.

ESG Governance

A strong ESG governance is required to drive organizational ESG agenda effectively. ESG governance allows corporates to develop and implement ESG policies and procedures to ensure that the organization is compliant with applicable laws and regulations. It also allows corporates to develop a culture that allows organisation to involve their upstream and downstream value chain partners in organizational ESG decision making and initiatives. Furthermore, it also guides organisations to elevate and prioritize key ESG topics and ensure that they are effectively implemented and managed.

Conclusion

The study explored the BRSR reporting practices of the top 250 Indian corporates by market capitalization. The analysis indicates that Indian corporates have taken significant efforts to disclose their ESG performance in accordance with the BRSR guidelines. In particular, most of the assessed corporates have reported on several key ESG aspects such as: total energy consumption, cyber security policy, discrimination, child labour, forced labour, POSH, anti-corruption and ESG training awareness to their employees.

The results also indicates that, more than 90% corporates have reported on ESG aspects such as Scope 1 and Scope 2 GHG emissions, energy intensity, GHG intensity, spending of employee wellbeing, health, and safety management system, LTIFR, and % wages paid to women. However, social impact assessment, total water discharge, Scope 3 GHG emissions and training awareness for value chain remain least reported BRSR indicators. Indian corporates should focus on ESG assurance, impact assessment, ESG governance, Value Chain, and Scope 3 accounting to further improve their ESG performance and BRSR reporting.

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How SGS can partner on your sustainability journey?

As a renowned Testing, Inspection, and Certification company, SGS has been at the forefront of empowering organizations across industries to embrace sustainability and integrity within their operations and supply chain. Our global recognition as a benchmark for quality and sustainability stems from the dedication of our 99,600 employees, working together across 2,600 offices and laboratories to create a better, safer, and more interconnected world.

SGS India's Business Assurance team for ESG & sustainability services, is well-equipped with versatile expertise and a wealth of best practices to support you on your sustainability journey. Our team of dedicated sustainability professionals boasts diverse experience spanning various sectors including automotive, media, oil & gas, utilities, chemical manufacturing, banking consulting, waste management, and more. Together, we offer a comprehensive suite of sustainability solutions tailored to your specific needs and geographic context.

Here's how SGS can assist you:

- Developing ESG/Sustainability Report as per GRI Standards (UNGC & SDG Mapping) & International Integrated Reporting Framework
- Developing BRSR Report as mandated by SEBI for the top 1000 listed entities on NSE & BSE by market cap.
- Developing ESG roadmap including identification of targets and milestones.
- Conducting Gap Assessments for BRSR, SASB and GRI Standards
- Conducting Stakeholder Engagement & Materiality Assessment (SE&MA) and developing a materiality matrix
- Gap assessments & strategy development to improve ESG Ratings - CDP, DJSI, MSCI, EcoVadis
- ESG and Sustainability Assurance services including BRSR report assurance, BRSR Core indicators, Sustainability report assurance against GRI, AA1000, ISAE3000.
- GHG Accounting and assurance of GHG emissions as per GHG protocol and ISO14064
- Value Chain assessments, engagement, capacity building
- Capacity Building and Training of Employees and Senior Management on ESG (Customized training to suit client requirements)

Appendix I: Nine attributes of BRSR core

S.NO.	ATTRIBUTES	PARAMETER	CROSS-REFERENCE TO THE BRSR
1	Green-house gas (GHG) footprint	• Total Scope 1 emissions (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available) • Total Scope 2 emissions (Break-up of the GHG (CO2e) into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available) • GHG Emission Intensity (Scope 1 +2)	Principle 6, Question 7 of Essential Indicators
2	Water footprint	• Total water consumption • Water consumption intensity • Water Discharge by destination and levels of Treatment	Principle 6, Question 3 of Essential Indicators
3	Energy footprint	• Total energy consumed. • % of energy consumed from renewable sources • Energy intensity	Principle 6, Question 1 of Essential Indicators
4	Embracing circularity - details related to waste management by the entity	• 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 waste generated ((A+B + C + D + E + F + G + H) • Waste intensity • Each category of waste generated, total waste recovered through recycling, re-using or other recovery operations • For each category of waste generated, total waste disposed by nature of disposal method	Principle 6, Question 9 of Essential Indicators
5	Enhancing Employee Wellbeing and Safety	• Spending on measures towards well-being of employees and workers – cost incurred as a % of total revenue of the company • Details of safety related incidents for employees and workers (including contract-workforce e.g., workers in the company's construction sites)	Principle 3, Question 11 of Essential Indicators
6	Enabling Gender Diversity in Business	• Gross wages paid to females as % of wages paid • Complaints on POSH	Principle 5, Question 3(b) of Essential Indicators Principle 5, Question 7 of Essential Indicators
7	Enabling Inclusive Development	• Input material sourced from following sources as % of total purchases – Directly sourced from MSMEs/ small producers and from within India • Job creation in smaller towns – Wages paid to persons employed in smaller towns (permanent or nonpermanent /on contract) as % of total wage cost	Principle 8, Question 4 of Essential Indicators Principle 8, Question 5 of Essential Indicators
8	Fairness in Engaging with Customers and Suppliers	• Instances involving loss / breach of data of customers as a percentage of total data breaches or cyber security events. • Number of days of accounts payable	Principle 9, Question 7 of Essential Indicators 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	Principle 1, Question 9 of Essential Indicators

When you need to be sure

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