

newtral

Guide to BRSR Reporting

A Comprehensive Guide to Measuring, Disclosing,
and Enhancing Your Organization's ESG
Performance in India



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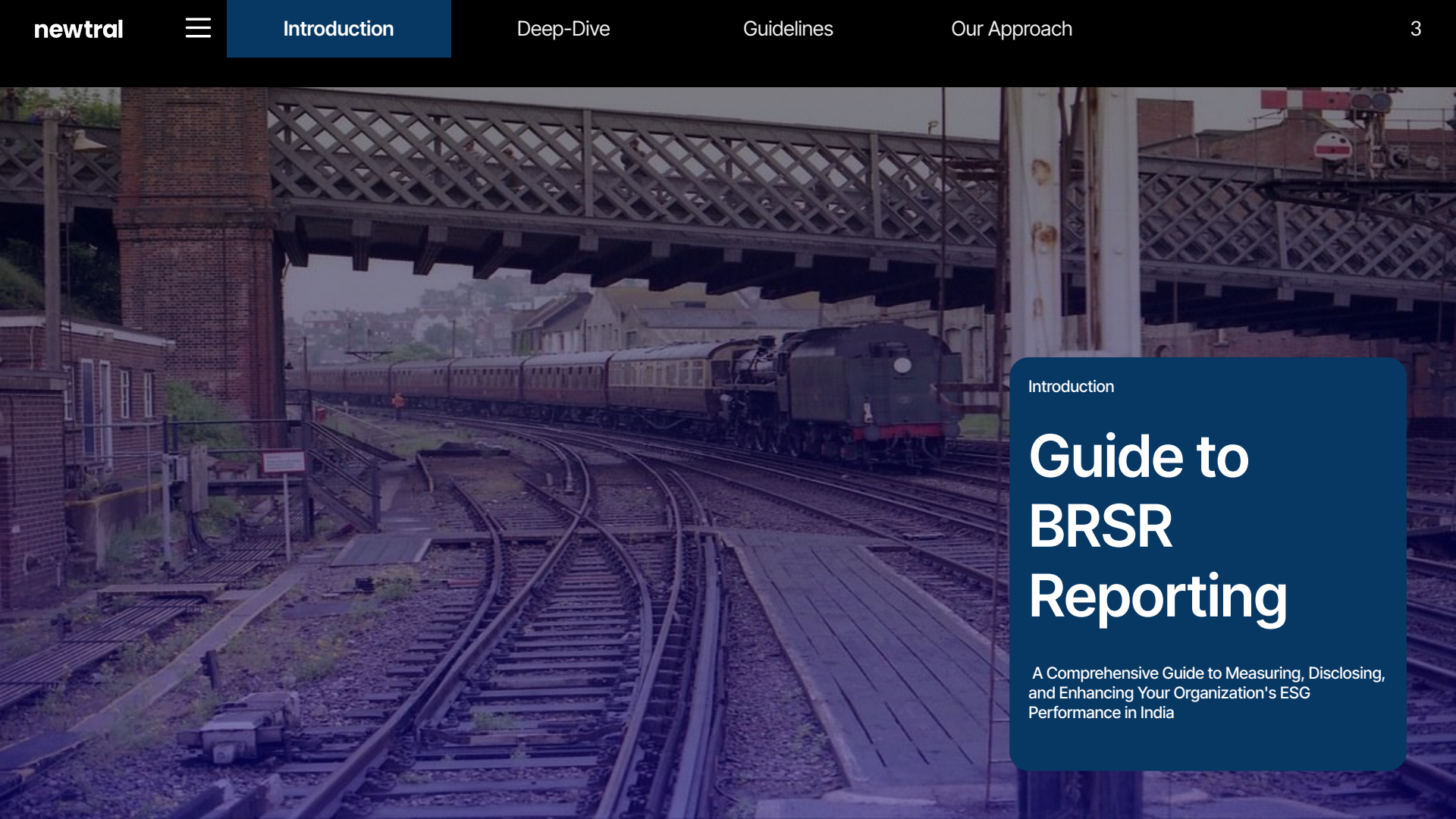
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A photograph of a train passing under a large, arched bridge. The train is composed of several passenger cars and a locomotive. The bridge has a complex lattice structure. The scene is set in an urban area with buildings visible in the background. The image is overlaid with a dark blue semi-transparent box containing text.

Introduction

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Introduction

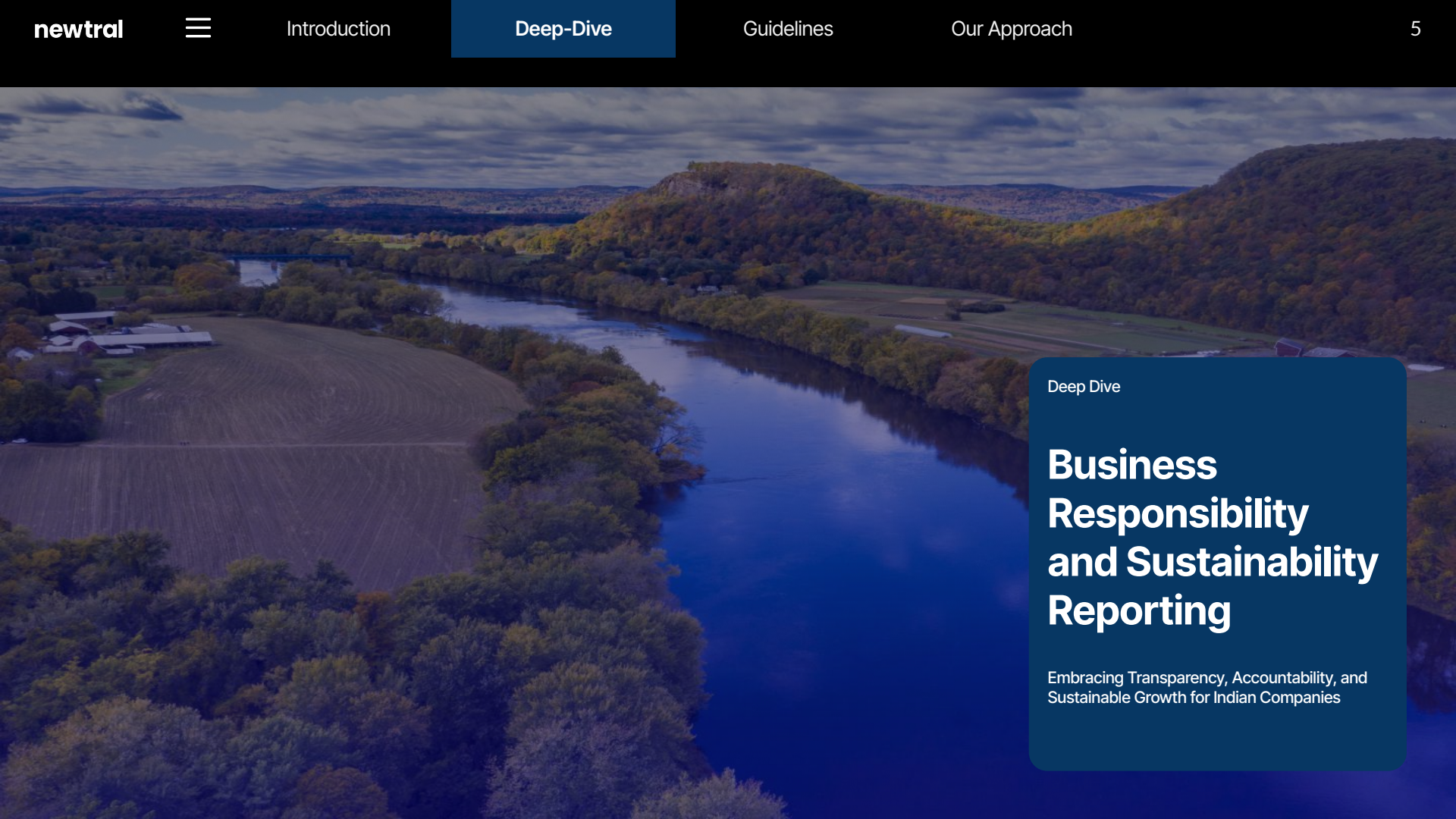
Guide to BRSR Reporting

A Comprehensive Guide to Measuring, Disclosing,
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"The BRSR Reporting Guide" is an essential resource for Indian companies seeking to navigate the mandatory Business Responsibility and Sustainability Reporting requirements introduced by the Securities and Exchange Board of India (SEBI). This comprehensive guide provides an in-depth explanation of the BRSR regulations, including the nine principles and associated disclosure requirements spanning environmental, social, and governance (ESG) topics.

Within this guide, you'll find detailed guidance on the qualitative and quantitative disclosures companies must provide in their annual reports and to stock exchanges. It clarifies the applicability of these norms based on listing status and entity type. The guide also offers insights into the rationale behind BRSR, situating it within the larger context of India's sustainability reporting landscape and the National Guidelines on Responsible Business Conduct.

Whether you are a listed entity preparing for BRSR compliance, or any other organization seeking to strengthen its ESG practices, "The BRSR Reporting Guide" serves as an invaluable companion. With clear explanations and practical examples, it equips you with the knowledge necessary to fulfill these new reporting obligations while demonstrating your commitment to sustainable and responsible business practices.

An aerial photograph of a wide river flowing through a valley. The river is surrounded by dense forests with autumn-colored trees. In the background, there are rolling hills and a small town. The sky is overcast with grey clouds. The overall tone is serene and natural.

Deep Dive

Business Responsibility and Sustainability Reporting

Embracing Transparency, Accountability, and
Sustainable Growth for Indian Companies

Deep Dive

Business Responsibility and Sustainability Reporting

Embracing Transparency, Accountability, and Sustainable Growth for Indian Companies

Importance of ESG (Environmental, Social, and Governance) Disclosure

ESG (Environmental, Social, and Governance) disclosure has gained significant importance in recent years due to growing concerns about sustainability and corporate responsibility. ESG factors encompass a wide range of issues, including climate change mitigation, human rights, diversity and inclusion, business ethics, and board diversity. Incorporating ESG disclosure in reporting practices allows companies to demonstrate their commitment to sustainable practices and responsible business conduct. Moreover, ESG disclosure helps investors, regulators, and other stakeholders evaluate a company's long-term sustainability and assess potential risks and opportunities associated with ESG issues. By prioritizing ESG disclosure, companies can enhance their reputation, attract investment, and contribute to sustainable development goals.

Evolution of BRSR Regulations in India

The evolution of BRSR regulations in India reflects the country's commitment to promoting responsible business conduct and sustainable development. The foundation for BRSR reporting was laid with the introduction of Business Responsibility Reporting (BRR) guidelines in 2009. Over the years, there has been a gradual shift towards more robust reporting frameworks aligned with global standards such as the Global Reporting Initiative (GRI) and the Task Force on Climate-related Financial Disclosures (TCFD). In 2023, SEBI introduced the BRSR framework, which represents a significant step forward in aligning Indian reporting practices with international best practices. The introduction of BRSR reflects the increasing recognition of the importance of ESG factors in corporate decision-making and the need for standardized reporting to facilitate transparency and comparability across companies.

Nine Core Categories of BRSR Reporting

The BRSR framework organizes reporting parameters into nine core categories, reflecting key aspects of responsible business conduct:

Environmental Protection: This category focuses on metrics related to environmental sustainability, including energy consumption, water usage, air emissions, and waste management practices.

Human Rights: Metrics in this category assess the company's commitment to upholding human rights standards, including labor practices, workplace diversity, and efforts to prevent human rights violations.

Integrity: Integrity indicators evaluate the company's policies and practices related to anti-corruption, anti-bribery, and conflicts of interest, ensuring transparency and ethical conduct in business operations.

Employee Well-being: This category examines metrics concerning employee welfare, including benefits, accessibility, unionization rates, and initiatives to promote a healthy work-life balance.

Inclusive Growth: Metrics in this category assess the company's efforts to promote inclusive growth by supporting vulnerable and marginalized groups, fostering diversity and inclusion, and promoting fair labor practices.

Sustainable Goods and Services: This category focuses on the company's investments in products and services with positive social and environmental impacts, reflecting its commitment to sustainability across its value chain.

Responsible Consumer Engagement: Metrics in this category evaluate the company's practices regarding consumer engagement, including handling complaints, product recalls, and data privacy policies.

Stakeholder Responsiveness: This category assesses the company's engagement with stakeholders, particularly vulnerable and marginalized groups, and its responsiveness to their concerns and feedback.

Responsible Public Policy Engagement: Metrics in this category focus on the company's engagement with public policy issues, including trade associations, advocacy efforts, and compliance with anti competitive regulations.



Steps to Prepare for BRSR Reporting

- **Understanding BRSR Framework:** Begin by familiarizing yourself with the BRSR framework, including reporting requirements, guidelines, and reporting parameters. Identify the scope and applicability of BRSR reporting to your organization.
- **Identifying Relevant Data Pointers:** Review the list of BRSR data pointers and identify relevant metrics and indicators based on your business operations, industry, and stakeholder expectations.
- **Data Collection and Management:** Develop robust data collection and management strategies to gather relevant information across various departments and business units. Establish clear protocols for data validation, verification, and documentation.
- **Engaging Stakeholders:** Involve relevant stakeholders, including internal departments, suppliers, customers, investors, and community members, in the reporting process. Seek their input, feedback, and collaboration to enhance the credibility and relevance of your BRSR report.
- **Integration with Financial Reporting:** Explore opportunities to integrate BRSR reporting with financial reporting practices to provide a holistic view of your organization's performance. Align ESG metrics with financial disclosures to demonstrate the link between sustainability and financial value creation.
- **Setting Performance Targets:** Establish clear performance targets and KPIs aligned with the BRSR framework to track progress over time. Define measurable objectives related to environmental stewardship, social responsibility, and governance practices.
- **Internal Capacity Building:** Invest in building internal capacity and expertise in ESG reporting and sustainable business practices. Provide training and resources to employees involved in data collection, analysis, and reporting.

- **Continuous Improvement:** Adopt a culture of continuous improvement by regularly reviewing and refining your BRSR reporting processes. Stay updated on emerging trends, regulatory changes, and best practices in sustainability reporting.

Data Collection and Management Strategies

Implementing robust data collection and management strategies is essential for ensuring the accuracy, reliability, and integrity of BRSR reporting. Consider the following strategies:

- **Centralized Data Repository:** Establish a centralized repository or database to store, organize, and manage BRSR data efficiently. Ensure data security, confidentiality, and accessibility for authorized users.
- **Automated Data Collection:** Leverage technology and automation tools to streamline data collection processes, minimize errors, and improve efficiency. Implement data validation checks and quality assurance measures to enhance data integrity.
- **Stakeholder Engagement:** Engage with internal and external stakeholders to collect relevant data and insights. Collaborate with suppliers, customers, industry associations, and NGOs to gather information on sustainability performance and practices.
- **Standardized Reporting Formats:** Develop standardized reporting formats and templates to capture consistent and comparable data across different reporting periods and business units. Align reporting formats with industry standards and best practices.
- **Audit and Assurance:** Conduct regular audits and assurance reviews to verify the accuracy, completeness, and reliability of BRSR data. Engage independent third-party auditors or assurance providers to validate reporting processes and outcomes.



Integration with Financial Reporting Practices

Integrating BRSR reporting with financial reporting practices enhances transparency, accountability, and stakeholder trust. Consider the following strategies for integrating ESG disclosures with financial reporting:

Materiality Assessment: Conduct a materiality assessment to identify and prioritize ESG issues that are most relevant and impactful for your organization and stakeholders. Integrate material ESG metrics into financial disclosures to provide a comprehensive view of value creation and risk management.

Risk Management Framework: Integrate ESG risks and opportunities into your organization's risk management framework and internal control systems. Disclose material ESG risks, their potential financial impacts, and mitigation strategies in financial reports and risk disclosures.

Value Creation Narrative: Develop a compelling narrative that articulates how sustainability initiatives contribute to long-term value creation and resilience. Link ESG performance to financial outcomes, market competitiveness, and business strategy in annual reports and investor communications.

Regulatory Compliance: Ensure compliance with regulatory requirements and reporting standards related to both financial and non-financial disclosures. Stay informed about evolving regulatory landscapes, reporting frameworks, and disclosure guidelines to maintain transparency and accountability.

Auditor Assurance: Seek independent assurance or audit of ESG disclosures to enhance credibility, reliability, and trustworthiness. Engage qualified auditors or assurance providers to assess the accuracy, completeness, and reliability of sustainability reporting processes and outcomes.

Benefits of BRSR Reporting

BRSR reporting offers a range of benefits for companies, investors, and other stakeholders, including:

Enhanced Transparency: BRSR reporting enhances transparency by providing stakeholders with detailed insights into a company's environmental, social, and governance (ESG) performance, practices, and impacts.

Improved Risk Management: BRSR reporting helps companies identify, assess, and mitigate ESG risks, enhancing resilience and long-term sustainability. By integrating ESG considerations into decision-making processes, companies can anticipate and address emerging risks and opportunities effectively.

Stakeholder Engagement: BRSR reporting facilitates stakeholder engagement and dialogue, enabling companies to build trust, credibility, and positive relationships with investors, customers, employees, regulators, and communities.

Competitive Advantage: BRSR reporting can confer a competitive advantage by demonstrating a company's commitment to responsible business conduct, sustainability, and corporate citizenship. ESG leadership can differentiate companies in the marketplace and attract investors and customers who prioritize sustainability.

Access to Capital: BRSR reporting enhances access to capital by attracting responsible investors, including sustainable investment funds, ESG-focused asset managers, and socially responsible investors. Companies that demonstrate strong ESG performance may enjoy lower capital costs, improved credit ratings, and increased investment opportunities.

Long-Term Value Creation: BRSR reporting contributes to long-term value creation by fostering sustainable business practices, innovation, and resilience. Companies that prioritize ESG considerations are better positioned to adapt to evolving market trends, regulatory requirements, and stakeholder expectations.



Advantages for Companies and Stakeholders

BRSR reporting offers several advantages for companies and stakeholders:

Companies: BRSR reporting enables companies to identify and address ESG risks, enhance operational efficiency, and strengthen brand reputation and market competitiveness. By integrating sustainability into core business strategies, companies can create long-term value and resilience.

Investors: BRSR reporting provides investors with valuable insights into a company's ESG performance, risk exposure, and sustainability strategy. ESG data enables investors to make informed investment decisions, assess risk-adjusted returns, and allocate capital to companies with strong sustainability credentials.

Customers: BRSR reporting enhances transparency and accountability, enabling customers to make informed purchasing decisions based on sustainability criteria. Companies that prioritize ESG considerations can attract and retain environmentally and socially conscious consumers, driving market demand for sustainable products and services.

Employees: BRSR reporting fosters employee engagement, loyalty, and pride by demonstrating a company's commitment to ethical business practices, diversity, inclusion, and employee well-being. Employees are more likely to be motivated and productive when they work for socially responsible companies that prioritize people, planet, and profit.

Regulators: BRSR reporting enables regulators to monitor and assess corporate compliance with environmental, social, and governance (ESG) regulations, standards, and guidelines. Enhanced transparency and disclosure facilitate regulatory oversight and enforcement, promoting responsible business conduct and sustainable development.

Impact on Investment Decisions

BRSR reporting can have a significant impact on investment decisions, influencing the allocation of capital, portfolio construction, and risk management strategies. Key factors driving the impact of BRSR reporting on investment decisions include:

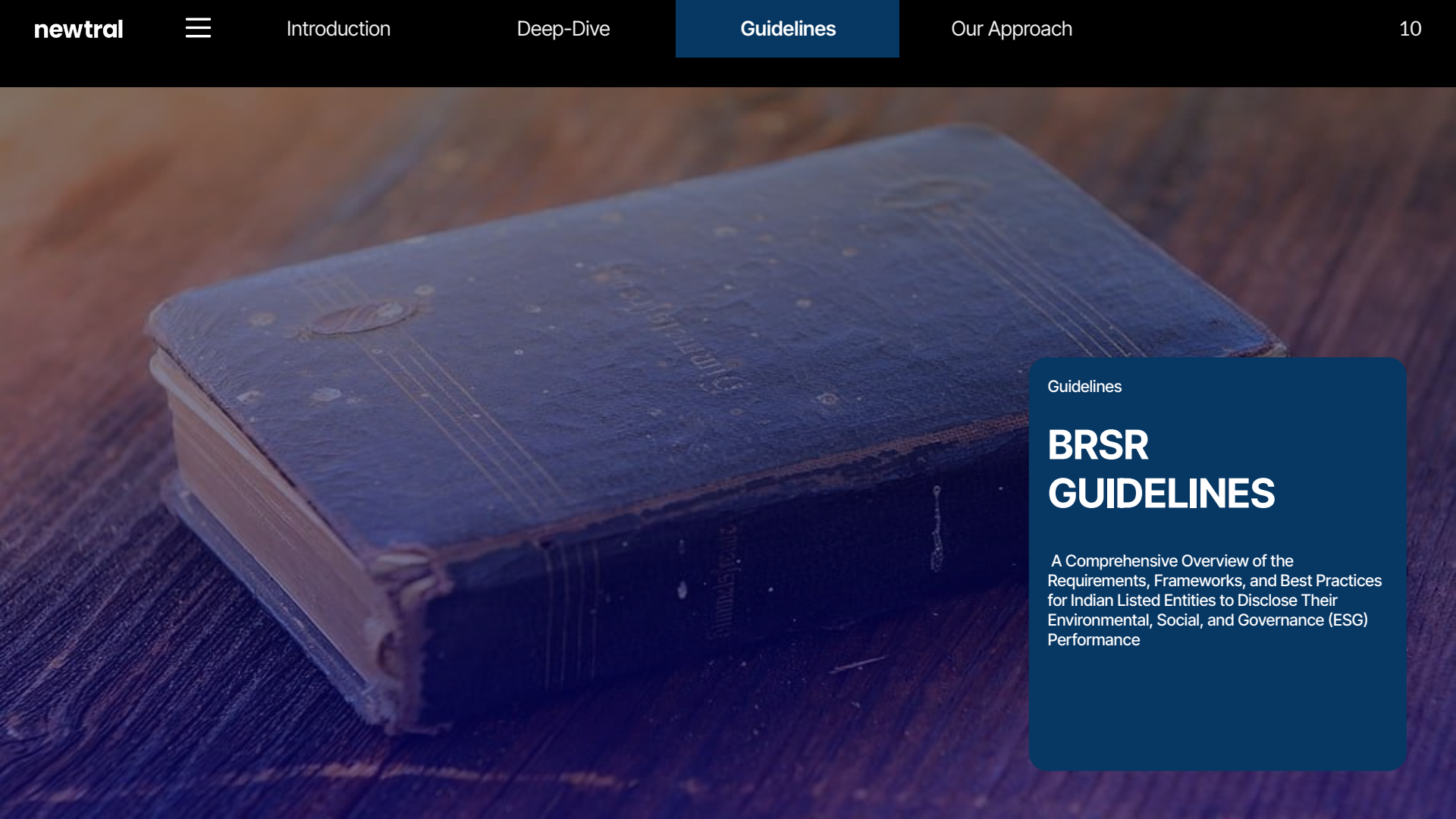
Risk Identification and Management: BRSR reporting enables investors to identify and assess environmental, social, and governance (ESG) risks that may affect investment returns and portfolio performance. By integrating ESG considerations into investment analysis and decision-making processes, investors can enhance risk management and reduce exposure to material risks.

Return on Investment: BRSR reporting provides investors with insights into the financial implications of sustainability initiatives, corporate governance practices, and stakeholder engagement efforts. Companies that demonstrate strong ESG performance may enjoy competitive advantages, higher profitability, and long-term value creation, leading to superior returns on investment.

Sustainable Investing: BRSR reporting drives demand for sustainable investing, attracting responsible investors who prioritize environmental, social, and governance (ESG) criteria in their investment decisions. Sustainable investment funds, ESG-focused asset managers, and socially responsible investors seek companies with strong sustainability credentials, transparent reporting, and demonstrated ESG leadership.

ESG Integration: BRSR reporting facilitates the integration of environmental, social, and governance (ESG) factors into investment analysis, portfolio construction, and asset allocation strategies. By incorporating ESG considerations into investment decision-making processes, investors can enhance portfolio diversification, risk-adjusted returns, and long-term performance.

Stakeholder Engagement: BRSR reporting fosters investor engagement and dialogue on environmental, social, and governance (ESG) issues, enabling investors to influence corporate behavior, promote sustainability best practices, and drive positive change. Active engagement with companies, regulators, and other stakeholders can enhance transparency, accountability, and responsible business conduct.



Guidelines

BRSR GUIDELINES

A Comprehensive Overview of the Requirements, Frameworks, and Best Practices for Indian Listed Entities to Disclose Their Environmental, Social, and Governance (ESG) Performance

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SEBI's BRSR Reporting Guidelines

The Securities and Exchange Board of India (SEBI) has introduced the Business Responsibility and Sustainability Report (BRSR) as a standardized reporting format for listed companies to disclose their environmental, social, and governance (ESG) initiatives. Here are the key guidelines for BRSR reporting:

1. Applicability: The BRSR is mandatory for the top 1,000 listed companies by market capitalization from the financial year 2022-23. Other listed companies can voluntarily adopt the BRSR format.

2. Reporting format: The BRSR format consists of three sections:

- Section A: General disclosures about the company
- Section B: Management and process disclosures
- Section C: Principle-wise performance disclosures

3. Nine principles: The BRSR is based on nine principles covering various aspects of ESG:

- Businesses should conduct and govern themselves with integrity and in a manner ethical, transparent, and accountable.
- Businesses should provide goods and services in a manner that is sustainable and safe.
- Businesses should respect and promote the well-being of all employees, including those in their value chains.
- Businesses should respect the interests of and be responsive to all their stakeholders.
- Businesses should respect and promote human rights.
- Businesses should respect and make efforts to protect and restore the environment.
- Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent.

- Businesses should promote inclusive growth and equitable development.
- Businesses should engage with and provide value to their consumers responsibly.

4. Quantitative and qualitative disclosures: Companies are required to provide both quantitative and qualitative information related to their ESG performance.

5. Board approval: The BRSR should be approved by the company's Board of Directors and signed by the Director responsible for the report's contents.

6. Filing: The BRSR should be filed as a separate section of the Annual Report and submitted to the stock exchanges as part of the Annual Report filing.

7. Guidance: SEBI has provided detailed guidance on the disclosures required under each section and principle of the BRSR format to ensure standardization and comparability across companies.

The introduction of the BRSR is a significant step towards promoting transparency and accountability in corporate sustainability reporting in India, aligning with global best practices in ESG disclosure.



Common frameworks used in brsr reporting

Companies can use various frameworks and standards to guide their BRSR reporting. Some of the common frameworks used in BRSR reporting include:

1. GRI (Global Reporting Initiative) Standards: GRI provides a comprehensive set of standards for sustainability reporting, covering a wide range of ESG topics.
2. SASB (Sustainability Accounting Standards Board) Standards: SASB provides industry-specific sustainability accounting standards that help companies disclose financially material ESG information to investors.
3. TCFD (Task Force on Climate-related Financial Disclosures) Recommendations: TCFD provides a framework for companies to disclose their climate-related risks and opportunities, focusing on governance, strategy, risk management, and metrics and targets.
4. Integrated Reporting (<IR>) Framework: The <IR> Framework helps companies communicate how they create value over time by integrating financial and non-financial information in a single report.
5. United Nations Sustainable Development Goals (UN SDGs): Companies can align their BRSR reporting with the UN SDGs, demonstrating their contribution to global sustainable development targets.
6. CDP (formerly Carbon Disclosure Project): CDP provides a platform for companies to disclose their environmental impact, focusing on climate change, water security, and deforestation.

7. National Guidelines on Responsible Business Conduct (NGRBC): The NGRBC, released by the Ministry of Corporate Affairs in India, provides a set of guidelines for companies to conduct their business responsibly and sustainably.

Companies can choose one or more of these frameworks based on their specific industry, stakeholder expectations, and reporting requirements. Using recognized frameworks enhances the credibility, comparability, and usefulness of BRSR disclosures for stakeholders.

Key aspects of BRSR reporting include:

Applicability: Mandatory for the top 1,000 listed companies by market capitalization from FY 2022-23, and voluntary for other listed companies.

Format: Consists of three sections – General Disclosures, Management and Process Disclosures, and Principle-wise Performance Disclosures.

Nine Principles: Based on nine principles covering various ESG aspects such as ethics, sustainability, employee well-being, stakeholder engagement, human rights, environment, public policy, inclusive growth, and consumer responsibility.

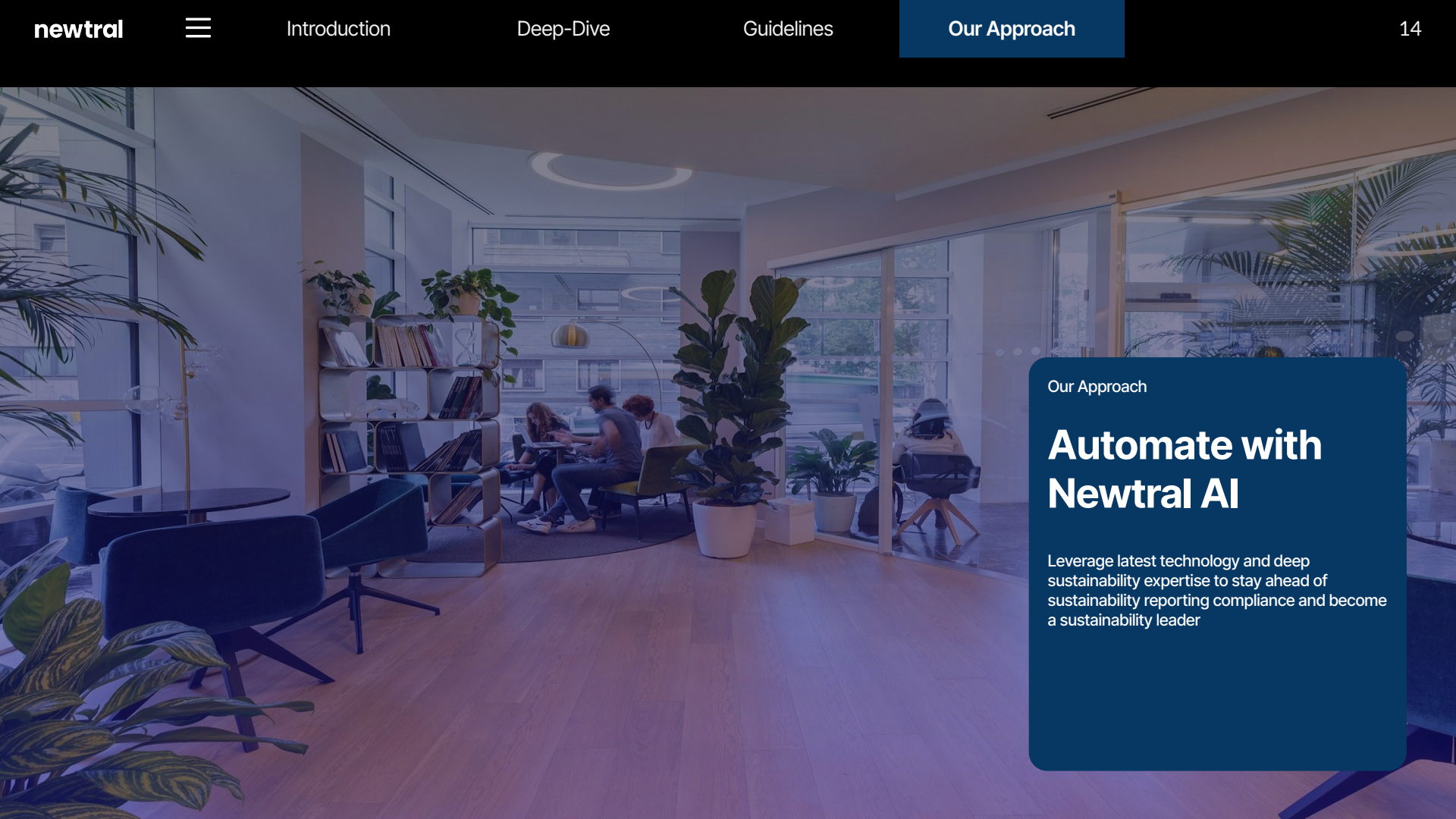
Disclosures: Requires both quantitative and qualitative disclosures on ESG performance.

Approval and Filing: Needs Board approval and is filed as a separate section of the Annual Report, submitted to stock exchanges.



The best practices for Indian listed entities to disclose their Environmental, Social, and Governance (ESG) performance:

1. Adopt a recognized reporting framework: Use a widely accepted reporting framework such as GRI, SASB, TCFD, or Integrated Reporting to ensure comprehensive and comparable ESG disclosures.
 2. Align with BRSR requirements: Ensure compliance with SEBI's BRSR guidelines, covering all nine principles and providing both quantitative and qualitative information.
 3. Engage with stakeholders: Identify and engage with key stakeholders to understand their ESG expectations and address their concerns in the reporting process.
 4. Materiality assessment: Conduct a materiality assessment to identify and prioritize the most relevant and significant ESG issues for the company and its stakeholders.
 5. Set clear ESG goals and targets: Establish specific, measurable, achievable, relevant, and time-bound (SMART) ESG goals and targets, and report progress against them.
 6. Integrate ESG into business strategy: Embed ESG considerations into the company's overall business strategy, decision-making processes, and risk management framework.
 7. Ensure data accuracy and reliability: Implement robust data collection and management systems to ensure the accuracy, reliability, and consistency of ESG data reported.
 8. Provide balanced and transparent disclosures: Report both positive and negative aspects of ESG performance, providing a balanced and transparent view to stakeholders.
 9. Obtain third-party assurance: Consider seeking external assurance for ESG disclosures to enhance the credibility and reliability of reported information.
 10. Continuous improvement: Regularly review and improve ESG performance and reporting practices based on stakeholder feedback, emerging trends, and best practices.
 11. Board oversight and governance: Ensure strong board oversight and governance of ESG matters, with clear responsibilities and accountability for ESG performance and reporting.
 12. Communicate effectively: Use various channels, such as the company website, annual reports, sustainability reports, and social media, to communicate ESG performance to stakeholders effectively.
- By following these best practices, Indian listed entities can enhance the quality, transparency, and impact of their ESG disclosures, meeting the expectations of regulators, investors, and other stakeholders while driving sustainable business practices.

A modern office interior with large windows, indoor plants, and people working. The scene is bright and airy, with a mix of greenery and contemporary furniture. A group of people are seated at a table, working on laptops. The office has a clean, minimalist aesthetic with light wood flooring and white walls.

Our Approach

Automate with Newtral AI

Leverage latest technology and deep sustainability expertise to stay ahead of sustainability reporting compliance and become a sustainability leader

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At Newtral, we understand the challenges businesses face in navigating the complex landscape of sustainability reporting and ESG integration. That's why we've developed a cutting-edge, AI-powered sustainability platform that streamlines your entire sustainability workflow, ensuring compliance, transparency, and value creation for all stakeholders.

Key Features and Benefits:

Automated Sustainability Workflow:

- Our AI-driven platform automates data collection, analysis, and reporting, saving time and resources
- Seamless integration with existing systems for efficient data management
- Ensures accuracy and consistency in sustainability reporting

Comprehensive Concierge Services:

- Dedicated sustainability experts to guide you through every step of your sustainability journey
- Tailored strategies and actionable insights based on your unique business needs
- Continuous support and expertise to help you achieve your sustainability goals

ESG Supply Chain Innovation:

- Advanced tools to assess and manage ESG risks and opportunities within your supply chain
- Collaborate with suppliers to improve sustainability performance and transparency
- Gain a competitive edge by demonstrating responsible supply chain practices

Scope 3 Emissions Management:

- Accurately measure and report your Scope 3 emissions with our AI-powered platform
- Identify hotspots and implement targeted reduction strategies
- Demonstrate leadership in addressing indirect emissions and climate change

Regulatory Compliance and Transparency:

- Stay ahead of evolving sustainability regulations and disclosure requirements
- Communicate your sustainability performance effectively to investors, customers, and other stakeholders
- Build trust and credibility through transparent and reliable sustainability reporting

Take the first step towards a more sustainable future with Newtral. Our AI-powered platform and expert concierge services provide the tools and guidance you need to integrate sustainability seamlessly into your business operations. Contact us today to schedule a demo and discover how Newtral can help you create lasting value for your stakeholders while contributing to a greener, more resilient world.



Newtral AI Platform- Enterprise ESG Platform for Corporates and Supply Chain

We help organizations automate their ESG metric measurements, tracking and reporting across company as well as their supply chain. Our platform solves for all corporate sustainability reporting and carbon accounting needs, visit newtral.io for more information.

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