

EARLY IMPRESSIONS

Latest Updates on the BRSR Reporting and Assurance Framework



FOREWORD

India has been at the forefront of requiring large listed companies to provide meaningful ESG-related information as part of their annual report. The Securities and Exchange Board of India (SEBI) promulgated the Business Responsibility and Sustainability Reporting (BRSR) framework a few years ago and has since then kept it contemporaneous with the development on the subject worldwide.

In its bid to keep the framework fit for purpose, the SEBI has issued a raft of amendments considering the feedback from the constituents on the application of the requirements of the BRSR framework. The latest set of amendments aims to simplify the application of the BRSR framework, especially in relation to reporting by a company on performance on ESG parameters by its value chain partners.

In this edition of Early Impressions, we aim to bring to our readers the implications of these amendments and what it means to them from a compliance perspective.

Thank you.

For Uniquis Consultech



Anu Chaudhary

Partner, Global Head of
ESG Consulting



Foreword

Introduction

Value Chain
Sustainability: Focus
Areas and Regulatory
Impact

Easing Assurance
Requirements for BRSR
Core Indicators

Guidance for
developing the BRSR
Core Indicators

New Addition: Green
Credits to Feature in
Leadership Indicator
Reporting

In Conclusion

INTRODUCTION

The Business Responsibility and Sustainability Reporting (BRSR) framework has been a focal point for listed companies over the past few years, emphasizing transparency and accountability in sustainability practices. While companies have made significant strides in adapting to this reporting format, the first year of assurance for the top 150 listed companies by market capitalization posed challenges. The assurance process applied to non-financial data mirrored the stringent approach historically used for financial data, which has evolved over decades. Discussions with several corporates revealed that including value chain disclosures in BRSR requirements for the top 250 listed companies has added a significant compliance burden. This, coupled with the absence of a clear methodology or guidance for data collection, has created challenges for companies in gathering extensive information (BRSR Core) from their value chain partners, leading to operational complexities. Companies communicated these practical difficulties to the Securities Exchange Board of India (SEBI).

To facilitate ease of doing business regarding BRSR, an expert committee was convened, which provided SEBI with recommendations aimed at simplifying the process and enhancing ease of compliance. Building on these insights, SEBI issued a consultation paper earlier this year, inviting feedback from stakeholders on the proposed recommendations.

In its 18 December 2024 meeting, SEBI introduced amendments to the BRSR framework, addressing value chain disclosures and assurance requirements, and adding a new leadership indicator. The before and after impact of the key amendments are summarized in the table below:

Pre Amendment	Particulars	Post Amendment
2024 - 25	Value Chain Disclosures effective date	2025 - 26
Comply or explain	Value Chain Disclosures applicability	Voluntary
Applicable from FY 2025 - 26	Assurance on Value Chain Disclosures	Applicable from FY 2026 - 27
Upto 75% by value	Value chain partners	Entities individually 2% of more up to 75% by value
Reasonable assurance for top 1000 listed companies as per the glide path issued by SEBI	Assurance on BRSR Core Indicators	Substitution of the term "assurance" with "assurance or assessment"
-	Green Credits	Introduced as leadership Indicator

On 20 December 2024, SEBI issued a circular mandating listed entities to adhere to industry standards to comply with SEBI's requirements for BRSR Core disclosures. This document delves into the global landscape shaping sustainability expectations, the specific demands stakeholders place on companies in this evolving context, and the broader implications of the recently issued circular. By aligning with these global trends and stakeholder priorities, companies can better navigate the challenges and opportunities presented by these new directives. Stay tuned as we explore what this means for corporate strategies and compliance efforts.

Foreword

Introduction

Value Chain Sustainability: Focus Areas and Regulatory Impact

Easing Assurance Requirements for BRSR Core Indicators

Guidance for developing the BRSR Core Indicators

New Addition: Green Credits to Feature in Leadership Indicator Reporting

In Conclusion

VALUE CHAIN SUSTAINABILITY: FOCUS AREAS AND REGULATORY IMPACT

As the focus on Environmental, Social, and Governance (ESG) continues to grow, there is an increasing shift towards robust reporting on companies' ESG parameters and their entire value chain. Value chain of an organization covers its supply chain of obtaining raw material, services, products etc as well as distributors, dealers and customers. Understanding the value chain is essential for companies looking to optimize processes, improve efficiency, and gain a competitive edge.

In today's sustainability-focused landscape, integrating sustainable practices across the value chain is no longer optional but essential. Collaborating with value chain partners committed to advanced ESG practices is a strategic move, enabling organizations to mitigate risks, enhance resilience, and secure long-term success in an evolving global market. Regulators are responding to this shift by establishing robust standards that ensure transparency across the supply chain.

In Europe, the Corporate Sustainability Reporting Directive (CSRD) now mandate comprehensive value chain disclosures, holding companies accountable for sustainability practices throughout their network. The International Sustainability Standards Board (ISSB) that has issued two IFRS standards, S1 and S2, also requires entities to evaluate sustainability-related risks and opportunities in the organization's value chain. Similarly, in India, SEBI has integrated value chain disclosures into the BRSR, along with clear timelines for implementation. These developments highlight the growing expectation for businesses to address ESG factors not just within their operations but across their entire value chain.

In the past SEBI had mandated the top 250 listed entities to report relevant KPIs from the BRSR Core for their value chain, encompassing the top upstream and downstream partners cumulatively comprising 75% of their purchases/sales (by value) respectively from the Financial Year (FY) 2024-25 onwards. Collating and reporting data on value chain disclosures covering 75% of a listed 's total purchases and total sales is a detailed and time-consuming process.

To ensure smooth facilitation, SEBI has deferred the applicability of ESG value chain disclosures by one year, i.e., reporting on ESG value chain disclosures is applicable from FY 2025-26. Also, the scope of value chain is reduced to only the top upstream and downstream partners of a listed entity, each representing 2% or more of the entity's purchases and sales by value, with the option to limit disclosure to cover 75% of its purchases and sales by value.

SEBI has called for third-party assurance or assessment of value chain disclosures to ensure the credibility of reported data. This step is designed to provide stakeholders with greater confidence in the accuracy and authenticity of the data, promoting transparency and trust in the sustainability reporting process.

In line with deferral of the timeline to disclosure value chain disclosures, the timelines for obtaining assurance or assessment from a third party have also been extended by one year and are applicable from FY 2026-27. To enhance ease of doing business and standardize implementation, the Industry Standards Forum (ISF), comprising representatives from ASSOCHAM, CII, and FICCI, under the guidance of the Stock Exchanges, has developed industry standards in consultation with SEBI to support the effective disclosure of BRSR requirements.

Reporting of ESG value chain disclosures has now been diluted to a **voluntary** basis rather than a **comply-and-explain framework**, which existed until this amendment.

In our view, despite the deferral and dilution in scope of disclosures from ESG Value chain well-governed companies that strive to be market leaders and demonstrates its commitment to long-term sustainability are likely to report on ESG value chain disclosures. We are likely to see this trend emerge for companies that have a global footprint and must report on CSRD or ISSB frameworks. We believe reporting voluntarily not only strengthens their ESG foundation and secures a competitive edge, but also aligns with stakeholder expectations.

Foreword

Introduction

Value Chain Sustainability: Focus Areas and Regulatory Impact

Easing Assurance Requirements for BRSR Core Indicators

Guidance for developing the BRSR Core Indicators

New Addition: Green Credits to Feature in Leadership Indicator Reporting

In Conclusion

By collaborating with reliable partners who share a commitment towards companies sustainability vision, companies can reduce exposure to environmental, social, and governance-related risks that may arise from regulatory changes, supply chain disruptions, or reputational challenges. This proactive approach not only helps safeguard an organization against unexpected challenges but also strengthens its market position, builds consumer trust, and drives sustainable growth in the long run. Ensuring that the value chain partners of an organization are equally prepared for this shift is key to creating a resilient and sustainable business model.

Key considerations for assessing and supporting value chain partners

In our view, companies looking at evaluating disclosures from their value chain partners on a voluntary basis should consider the following:

Foreword

Introduction

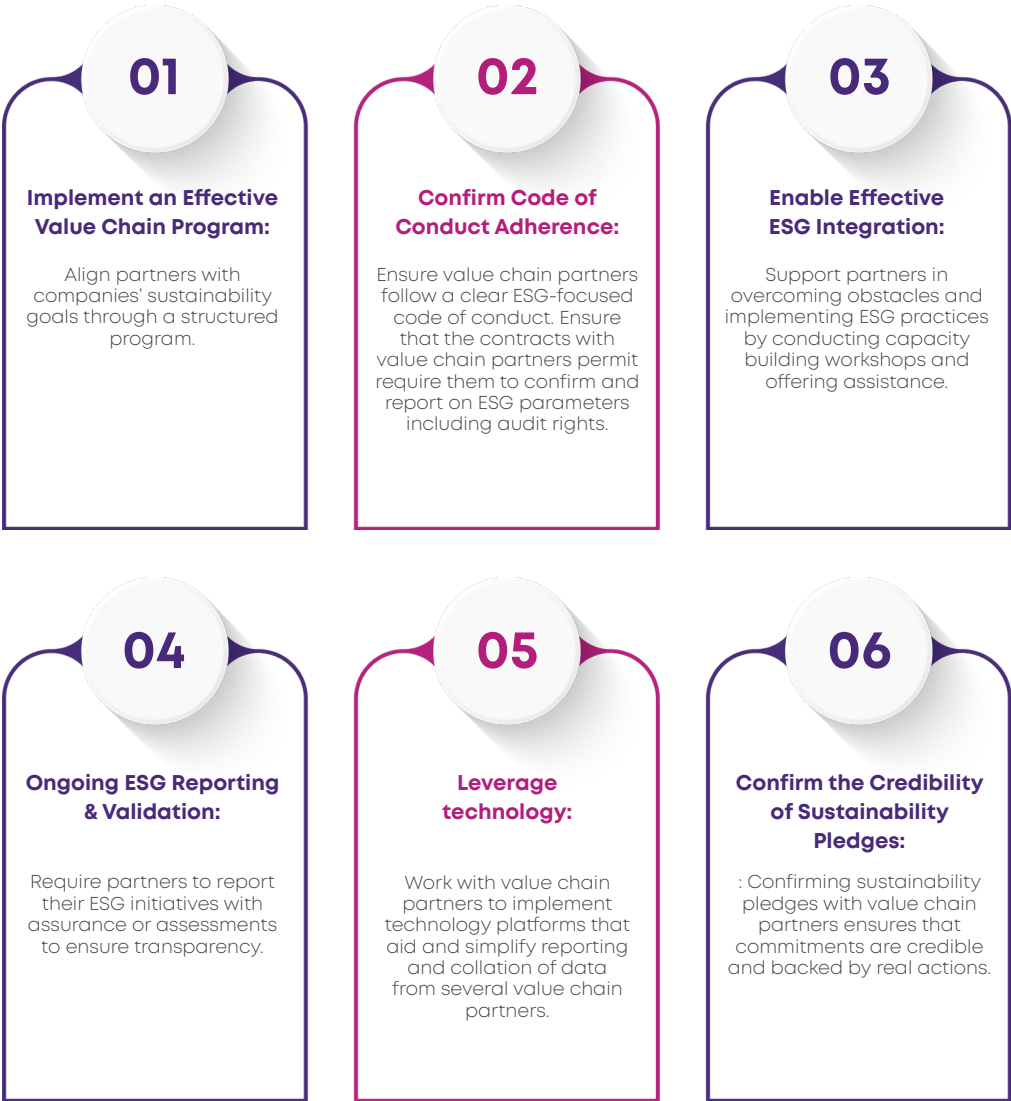
Value Chain Sustainability: Focus Areas and Regulatory Impact

Easing Assurance Requirements for BRSR Core Indicators

Guidance for developing the BRSR Core Indicators

New Addition: Green Credits to Feature in Leadership Indicator Reporting

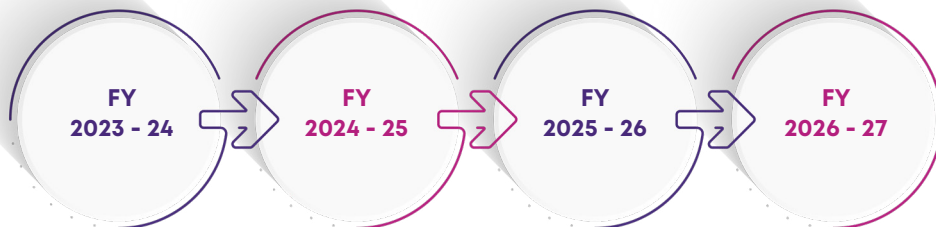
In Conclusion



By focusing on these areas, businesses can strengthen their ESG efforts and foster transparency and trust across their entire value chain.

EASING ASSURANCE REQUIREMENTS FOR BRSR CORE INDICATORS

SEBI has announced a phased approach outlining the applicability of assurance provisions for the BRSR Core disclosures of the top 1,000 listed entities. The details of this glide path is provided below for reference:



Foreword

Introduction

Value Chain Sustainability: Focus Areas and Regulatory Impact

Easing Assurance Requirements for BRSR Core Indicators

Guidance for developing the BRSR Core Indicators

New Addition: Green Credits to Feature in Leadership Indicator Reporting

In Conclusion

The process of obtaining reasonable assurance entailed significant difficulties for companies given that the requirements for reporting on BRSR are recent. International frameworks, such as the CSRD, mandate external assurance of disclosed information. Initially, this requires limited assurance, with the aim of transitioning to reasonable assurance over the coming years.

To ease the provisions, the SEBI has substituted the term “assurance” with “assurance or assessment,” allowing companies the flexibility to choose between getting their data assured or assessed by a third party moving forward.

However, the guidance has not clearly outlined the approach that third-party assurance providers should follow while performing an organization's assessment process.

An importance of having ESG data assured or assessed by a third party goes beyond merely ensuring regulatory compliance and managing risks. It plays a crucial role in building trust with stakeholders, investors, and key parties, reinforcing a company's commitment to sustainable practices. Third-party assurance enhances brand reputation and credibility, showcasing a company's dedication to transparency and responsibility. It also fosters customer confidence and satisfaction, as consumers are increasingly drawn to businesses with verified ESG credentials. Moreover, third-party assessment drives efficiency, identifying opportunities for continuous improvement in sustainability efforts, ultimately benefiting both the organization and its wider community.

To ensure data's accurate deployment and integrity for assurance purposes, companies must strengthen their internal processes and documentation. This can be achieved by developing detailed process documents and risk control matrices, which facilitate testing processes and controls, including IT controls. Leveraging technology platforms will be key to ensuring accurate data collation, providing users with guidance to input data, maintaining a clear data trail, and ensuring thorough reviews of the reported information. Additionally, engaging with subject matter experts is essential to guarantee that data collation and reporting align with regulatory requirements. Companies can also utilize the Internal Control – Integrated Framework (ICIF) guidance issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) to establish a robust internal control framework, covering areas such as the control environment, risk assessment, control activities, and monitoring, to support effective and compliant ESG reporting.

In 2024-25, all top 250 listed companies by market capitalization will be required to have their data assured or assessed by a third-party entity. This move underscores the growing emphasis on transparency and accountability in ESG reporting. Leading companies or those committed to excellence will demonstrate their dedication to the highest standards by continuing to have their data assured. This ongoing commitment to third-party assurance not only ensures consistency in their ESG practices but also reinforces their position as responsible and transparent organizations. By opting for regular assurance, these companies emphasize their unwavering focus on reliable and credible ESG reporting, setting a benchmark for others in the industry.

GUIDANCE FOR DEVELOPING THE BRSR CORE INDICATORS

The SEBI released the "Industry Standards on Reporting of BRSR Core" on 20 December 2024, offering guidance on the preparation of BRSR and addressing various reporting nuances. Furthermore, the guidance covers examples of reporting under the BRSR Core indicators especially in cases where an organization is yet to streamline the data gathering processes. ISF may release additional guidance on the assessment process to be followed by assurance providers for the verification of ESG disclosures, ensuring consistency and reliability in the evaluation framework.

The ISF standards are divided into two parts: Part A, which addresses general requirements, including intensity-based calculations and clarifies the spend-based approach for estimating environmental footprints, and Part B, which provides a detailed explanation of requirements across all nine attributes. In the below table, we have summarized the key clarifications covered under the latest Industry standards note:

Foreword

Introduction

Value Chain Sustainability: Focus Areas and Regulatory Impact

Easing Assurance Requirements for BRSR Core Indicators

Guidance for developing the BRSR Core Indicators

New Addition: Green Credits to Feature in Leadership Indicator Reporting

In Conclusion

#	Particulars	Guidance as per the latest Industry Standards Note
Part A - General Requirements		
1.	Intensity based calculations	Clarifies intensity calculations with references to data points like revenue-adjusted and output-based intensity.
2.	Spend based approach to calculate environmental indicators	Estimate emissions, energy, and water consumption using spend data when accurate measurements are unavailable for BRSR reporting.
Part B – Attribute wise requirement		
3.	Greenhouse Gas Footprint	- List of recognized sources of emission factors have been updated by SEBI to include sources such as UK DEFRA, US EPA, etc. - Temporarily use a spend-based methodology for emissions reporting but are advised to establish data tracking systems for accuracy.
4.	Water Footprint	Entities lacking water measurement systems should follow Central Ground Water Authority guidelines for reporting.
5.	Energy Footprint	Clarification issued in terms of disclosure relating to the power consumption and different types of power connection to be included in the reporting of energy disclosures
6.	Employee wellbeing and safety	- The list of initiatives that can be considered under the employee wellbeing and the methodology for this disclosure. - Defining the term "Number of Permanent Disabilities".

Foreword

Introduction

Value Chain
Sustainability: Focus
Areas and Regulatory
Impact

Easing Assurance
Requirements for BRSR
Core Indicators

**Guidance for
developing the BRSR
Core Indicators**

**New Addition: Green
Credits to Feature in
Leadership Indicator
Reporting**

In Conclusion

#	Particulars	Guidance as per the latest Industry Standards Note
Part B – Attribute wise requirement		
7.	Gender Diversity in the business	- Clarification on the use of term wages for both employees and workers. - Methodology for calculating POSH complaints including guidance on complaints to be considered as Complaints on POSH upheld.
8.	Enabling Inclusive Development	- Defining the terminologies such as small producer, MSME, input material, etc. to ensure consistent interpretation of these terminologies for reporting under this disclosure by Indian entities. - While reporting on job creation, organizations should consider the actual location of the job and not the location wherein the employee is situated and should also include contractual workers for reporting.
9.	Fairness in Engaging with Customers and Suppliers	Reporting must align with companies' annual submissions to CERT-In, as per the April 2022 directive under the Information Technology Act 2000.
10.	Open-ness of business	Definition of terminologies such as Cost of goods/ services procured, Purchases, trading house, dealer or distribution etc. and the interpretation of above definitions to be by Banking, Financial Services, and Insurance (BFSI) sectors.

NEW ADDITION: GREEN CREDITS TO FEATURE IN LEADERSHIP INDICATOR REPORTING

In the Union Budget for FY 2023-24, the government proposed that the Green Credit Programme (GCP) be notified under the Environment (Protection) Act, 1986. This initiative encourages companies to adopt environmentally sustainable practices by incentivizing actions that contribute to a greener, more sustainable future.

The "Green Credit Rules, 2023" were officially notified on 12 October 2023, with the Indian Council of Forestry Research and Education (ICFRE) designated as the programme's administrator. Building on this, on 22 February 2024, the Ministry of Environment, Forest, and Climate Change (MoEFCC) published the methodology for calculating green credits for tree plantation activities.

Under these rules, the green credits earned through tree plantation can be reported under the ESG leadership indicator, further reinforcing companies' commitment to sustainability.

Additionally, India and the UAE's Global Green Credit Initiative (GGCI), introduced at COP-28, aims to incentivize eco-restoration efforts globally by issuing Green Credits. The proposed green credit disclosure in BRSR aligns with the goals of the GGCI, creating a unified approach to promoting pro-planet actions both locally and internationally.

IN CONCLUSION

The recent changes based on the expert committee recommendations and industry feedback, aim to refine the assurance process and create a more supportive framework for companies on their sustainability journey. These updates ease the facilitation of business with respect to BRSR compliance and provide organizations with the opportunity to plan and integrate ESG disclosures from their value chain. Additionally, companies can use this time to establish policies and procedures for implementing systems from an assurance perspective, ensuring a smoother transition to enhanced disclosure practices.

Foreword

Introduction

Value Chain
Sustainability: Focus
Areas and Regulatory
Impact

Easing Assurance
Requirements for BRSR
Core Indicators

Guidance for
developing the BRSR
Core Indicators

New Addition: Green
Credits to Feature in
Leadership Indicator
Reporting

In Conclusion



A TEAM THAT YOU CAN TRUST TO DELIVER



Jamil Khatri

Co-Founder & CEO
jamilkhatri@uniquis.com



Sandip Khetan

Co-Founder, Global Head of ARC
sandip.khetan@uniquis.com



Anu Chaudhary

Partner, Global Head of ESG
anuchaudhary@uniquis.com



Nirav Patel

Partner, ESG
niravp@uniquis.com



Rajesh Nair

Partner, ESG
rajeshnair@uniquis.com



Suddhasattwa Mukherjee

Partner, ESG
suddhwamukherjee@uniquis.com



Elena Primikiri

Associate Partner, ESG
ep@uniquis.com



Matt Berner

Managing Director, ESG
mattberner@uniquis.com



Luv Nijhawan

Director, Clients & Markets
luvnijhawan@uniquis.com

To know more about us, please visit www.uniquis.com