

A Handbook on
Regulatory

ESG

Reporting in India



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What is ESG?

The term ESG, representing environmental, social, and governance, was first coined in 2005 in a landmark study (or initiative) titled “Who Cares Wins” (WCW). It was initiated by the UN Secretary-General and UN Global Compact in 2004 in collaboration with the Swiss government.



Environmental, Social, and Governance (ESG) represent the company's efforts to systematically assess, manage, and monitor risks of the potential impact on the strategic and financial decisions of the company.

The term ESG is often used as a synonym for sustainability, CSR, public relations, social investment, or environmental compliance. While some of these elements may factor into an ESG program, at the center of ESG is the management of risk and the preservation of shareholder value.

Why report ESG?

Reporting performance on environmental, social, and governance issues enables the company to communicate with its stakeholders. It is a communication tool that plays an important role in influencing investors that the company's actions are sincere.



Investors are concerned about the sustainability of the organizations in which they invest. Reporting environmental, social, and governance issues of the organization provides guidance to the investors. The analysis of performance across these ESG factors helps screen investments. ESG reporting helps investors to avoid companies or reduce their investment in organizations that might pose a greater financial risk due to their environmental performance or other social or governmental practices.

Customers are concerned about the practices of the organization. They do not want to endorse products that have poor environmental, social, and governance issues. Shareholders are also concerned about the organization's ESG performance. Organizations with good ESG performance have higher returns on their investments and lower risks.

What gets reported in ESG reports

Typical topics include :-

Governance

Board Quality

- Independence
- Skills and Qualifications
- Diversity
- Refreshment
- Board Leadership

Management Incentives

- Pay-for-Performance Alignment
- Ownership Requirements
- Metrics and Goals

Shareholder Rights

- Board Accountability to Shareholders
- Shareholders' ability to act
- Voting Rights

Environmental

Climate Change

- Carbon Emissions
- Fossil Fuel Reserves
- Energy Efficiency
- Renewable Energy

Resource Management

- Water Management
- Raw Materials
- Energy Sources

Environmental Impact

- Air Quality
- Ecological impacts
- Critical Incidents (accidents)
- Waste Management
Plastics

Social

Workforce & Human Capital

- Inclusion and Diversity
- Supply Chain Labor
- Workplace Health and Safety
- Gender Pay Gap

Value Chain

- Product Health and Safety
- Data Privacy
- Data Security
- Predatory Sales / Pricing

Society and Communities

- Community Relations
- Economic Impacts
- Human Rights
- Corruption
- Political Activities

Materiality

Materiality assessments are formal exercises aimed at engaging stakeholders to find out how important specific environmental, social and governance (ESG) issues are to them. The insights gained can then be used to guide strategy and communication.

Determining materiality

1st Step

To find the organization's context-

- Who are we?
- What are the issues facing us?
- Why? What can change?

2nd Step

To identify the actual and potential impacts-

- What can affect us? When?
- Who is affected?

3rd Step

To assess the significance of the impact-

- How much it will affect us?

4th Step

To prioritize the most significant impacts for reporting-

- What is important to us now?
- What can be important to us later?



Don't's of ESG Management

Excessive Focus on Ratings

A company approach that focuses exclusively on improving the company's rating is at risk of allocating more resources to "checking boxes" instead of developing a strategy that is tailored to the company's unique outlook and exposure to risk.

Treating ESG Solely as a Communications Effort

Communications can help the company amplify its messaging, but they cannot substitute for a robust management system that addresses material risks.

Lack of Board and Management Oversight

The company's ESG management strategy should be positioned as a core part of the company's vision and values. The involvement of the board and senior management is key.

Disconnect from Business Strategy

An ESG strategy that does not consider the company's strategic objectives and does not inform the main corporate strategy fails to serve its purpose.

Compliance-Oriented Approach

An approach to ESG management focused on compliance with rules and regulations may appear as reactive and indicate a reluctance to go above and beyond minimum requirements.

Inconsistencies across the Firm

Lack of a company-wide strategy and coordination leaves significant gaps in the company's ESG management programs, with potential exposures to risk.

Lack of Assessment and Monitoring

Lack of effective monitoring of ESG performance impedes the company's ability to make progress and receive full credit for its ongoing initiatives through reporting.

Global Reporting Initiative (GRI)

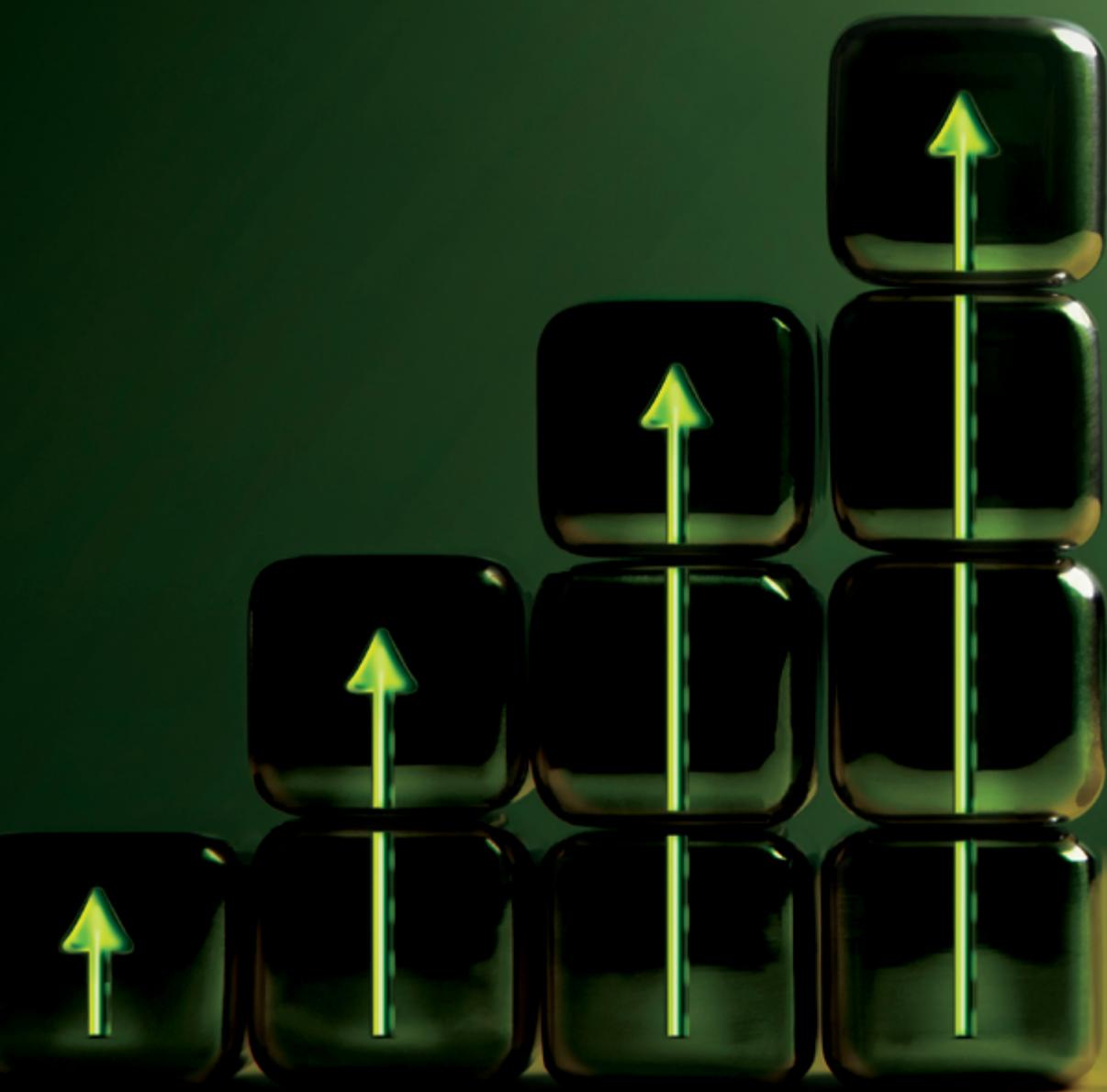
The Global Reporting Initiative (GRI) is an international not-for-profit organization, with a network-based structure. To enable all companies and organizations to report their economic, environmental, social, and governance performance, GRI produces free sustainability reporting guidelines. The first version of the GRI Guidelines (G1) was published in 2000, providing the first global framework for sustainability reporting. In 2001, GRI was established as an independent, non-profit institution. In 2016, GRI set the first global standards for sustainability reporting – the GRI Standards.

Business Responsibility and Sustainability Reporting (BRSR)

In May 2021, SEBI issued a circular on “Business Responsibility and Sustainability Reporting by listed entities”.

It is an initiative toward ensuring that investors have access to standardized disclosures (relevant and comparable information) on ESG parameters. It will enable investors to identify and assess sustainability-related risks and opportunities of companies and make better investment decisions. Companies will be able to demonstrate better their sustainability objectives, position, and performance resulting in long-term value creation. The BRSR shall be applicable to the top 1000 listed entities (by market capitalization). The reporting shall be voluntary for FY 2021 –22 and mandatory from FY 2022 –23.





National Voluntary Guideline

The Ministry of Corporate Affairs (MCA), Government of India, released a set of guidelines in 2011 called the National Voluntary Guidelines on the Social, Environmental and Economic Responsibilities of Business (NVGs). This was expected to provide guidance to businesses on what constitutes responsible business conduct. In order to align the NVGs with the Sustainable Development Goals (SDGs) and the 'Respect' pillar of the United Nations Guiding Principles (UNGP) the process of revision of NVGs was started in 2015. After, revision and the new principles are called the National Guidelines on Responsible Business Conduct (NGRBC). As with the NVGs, the NGRBC has been designed to assist businesses to perform above and beyond the requirements of regulatory compliance.

SEBI BRR Framework	GRI Standards and Disclosures
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Section A: General information about the company

A1	Not covered by the GRI Standards.
A2	GRI 102: General Disclosures; Disclosure 102-1
A3	GRI 102: General Disclosures; Disclosure 102-3
A4	Not covered by the GRI Standards.
A5	GRI 102: General Disclosures; Disclosure 102-53
A6	GRI 102: General Disclosures; Disclosure 102-50
A7	GRI 102: General Disclosures; Disclosure 102-6 (ii)
A8	GRI 102: General Disclosures; Disclosure 102-2 (b)
A9	GRI 102: General Disclosures; Disclosure 102-4
A10	GRI 102: General Disclosures; Disclosure 102-6

Section B: Financial details of the company

B1	GRI 102: General Disclosures; Disclosure 102-7 (a-iv)
B2	GRI 102: General Disclosures; Disclosure 102-7 (a-iii)
B3	GRI 201: Economic Performance; Disclosure 201-1 (a-iii)
B4	GRI 103: Management Approach; Disclosure 103-2 (c-v)
B5	GRI 102: General Disclosures; Disclosure 102-2 (a)

Section C: Other details

C1	GRI 102: General Disclosures; Disclosure 102-45
C2	GRI 102: General Disclosures; Disclosure 102-45 (b)
C3	GRI 102: General Disclosures; Disclosure 102-45

SEBI BRR Framework	GRI Standards and Disclosures
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Section D: BR Information

D1	GRI 102: General Disclosures; Disclosure 102-20
D2	GRI 102: General Disclosures; Disclosures 102-18 (b), 102-26, 102-43, 102-55 (b-ii) GRI 103: Management Approach; General requirements for reporting the management approach, Disclosure 103-2 (c-i and c-vi), Disclosure 103-3
D3	GRI 102: General Disclosures; Disclosures 102-31 and 102-52

Section E: Principle-wise performance
Principle 1

P1-1	GRI 102: General Disclosures; Disclosure 102-16 GRI 103: Management Approach (used together with GRI 205: Anti-corruption); Disclosure 103-2
P1-2	GRI 102: General Disclosures; Disclosures 102-17 and 102-44

Principle 2

P2-1	GRI 102: General Disclosures; Disclosure 102-2 (b)
P2-2	GRI 301: Materials; Disclosure 301-2 GRI 302: Energy, Disclosures 302-4 and 302-5 GRI 303: Water, Disclosure 303-3
P2-3	GRI 103: Management Approach (used together with GRI 204: Procurement Practices); Disclosure 103-2 GRI 204: Procurement Practices; Disclosure 204-1
P2-4	GRI 103: Management Approach (used together with GRI 204: Procurement Practices); Disclosure 103-2
P2-5	GRI 103: Management Approach (used together with GRI 301: Materials and GRI 306: Effluents and Waste); Disclosure 103-2 GRI 301: Materials; Disclosure 301-3 (a) GRI 306: Effluents and Waste; Disclosure 306-2

SEBI BRR Framework	GRI Standards and Disclosures
Section E: Principle-wise performance	
Principle 3	
P3-1	GRI 102: General Disclosures; Disclosure 102-7 (a-i)
P3-2	GRI 102: General Disclosures; Disclosure 102-8 (a and b)
P3-3	GRI 102: General Disclosures; Disclosure 102-8 (a)
P3-4	GRI 405: Diversity and Equal Opportunity, Disclosure 405-1 (b-ii)
P3-5	GRI 407: Freedom of Association and Collective Bargaining; Management approach disclosures
P3-6	Not covered in the GRI Standards.
P3-7	GRI 103: Management Approach (used together with GRI 406: Non-discrimination, GRI 408: Child Labor, and GRI 409: Forced or Compulsory Labor); Disclosure 103-2 (c-vi) GRI 406: Non-discrimination; Disclosure 406-1 (a)
P3-8	GRI 404: Training and Education; Disclosures 404-2 (a) and 404-3
Principle 4	
P4-1	GRI 101: Foundation; Stakeholder Inclusiveness principle GRI 102: General Disclosures; Disclosures 102-40 and 102-42
P4-2	GRI 101: Foundation; Stakeholder Inclusiveness principle GRI 102: General Disclosures; Disclosures 102-40 and 102-42
P4-3	GRI 102: General Disclosures; Disclosure 102-43 GRI 103: Management Approach (used together with GRI 411: Rights of Indigenous peoples and GRI 413: Local Communities); Disclosure 103-2 (c-vii) GRI 413: Local Communities; Disclosure 413-1 (a-vi)

SEBI BRR Framework	GRI Standards and Disclosures
Principle 5	
P5-1	GRI 103: Management Approach (used together with GRI 406: Non-discrimination, GRI 407: Freedom of Association and Collective Bargaining, GRI 408: Child Labor, GRI 409: Forced or Compulsory Labor, GRI 410: Security Practices, GRI 411: Rights of Indigenous peoples, and GRI 412: Human Rights Assessment); Disclosure 103-2 (c-i)
P5-2	GRI 103: Management Approach (used together with GRI 406: Non-discrimination, GRI 407: Freedom of Association and Collective Bargaining, GRI 408: Child Labor, GRI 409: Forced or Compulsory Labor, GRI 410: Security Practices, GRI 411: Rights of Indigenous Peoples, and GRI 412: Human Rights Assessment); Disclosure 103-2 (c-vi)
Principle 6	
P6-1	GRI 103: Management Approach (used together with GRI 301: Materials, GRI 302: Energy, GRI 303: Water, GRI 304: Biodiversity, GRI 305: Emissions, GRI 306: Effluents and Waste, and GRI 308: Supplier Environmental Assessment); Disclosure 103-2 (c-1)
P6-2	GRI 102: General Disclosures; Disclosures 102-14 and 102-15 GRI 103: Management Approach, used together with GRI Standards in the 300 series (Environmental topics); Disclosure 103-2 (c-vii) GRI 201: Economic Performance; Disclosure 201-2
P6-3	GRI 102: General Disclosures; Disclosure 102-15 GRI 103: Management Approach, used together with GRI Standards in the 300 series (Environmental topics); Disclosure 103-2 (C-vii) GRI 201: Economic Performance; Disclosure 201-2
P6-4	GRI 103: Management Approach (used together with GRI 307: Environmental Compliance); Disclosure 103-2 (c-ii and c-vii)
P6-5	GRI 103: Management Approach (used together with GRI 301: Materials, GRI 302: Energy, GRI 303: Water, GRI 304: Biodiversity, GRI 305: Emissions, GRI 306: Effluents and Waste, and GRI 308: Supplier Environmental Assessment); Disclosure 103-2 (c-vii)
P6-6	Not covered by the GRI Standards.
P6-7	Not covered by the GRI Standards.

SEBI BRR Framework	GRI Standards and Disclosures
Principle 7	
P7-1	GRI 102: General Disclosures; Disclosure 102-13
P7-2	GRI 415: Public Policy; Management approach disclosures
Principle 8	
P8-1	GRI 103: Management Approach (used together with GRI 203: Indirect Economic Impacts and GRI 413: Local Communities); Disclosure 103-2 (c-vii)
P8-2	GRI 103: Management Approach (used together with GRI 203: Indirect Economic Impacts and GRI 413: Local Communities); Disclosure 103-2 (a)
P8-3	GRI 413: Local Communities; Disclosure 413-1 (a-i and a-ii)
P8-4	GRI 201: Economic Performance; Disclosure 201-1 (a-ii) GRI 203: Indirect Economic Impacts; Disclosure 203-1
P8-5	GRI 103: Management Approach (used together with GRI 203: Indirect Economic Impacts and GRI 413: Local Communities); Disclosure 103-3
Principle 9	
P9-1	GRI 103: Management Approach (used together with GRI 416: Customer Health and Safety, GRI 417: Marketing and Labeling, GRI 418: Customer Privacy, and GRI 419: Socioeconomic Compliance); Disclosure 103-2 (c-vi)
P9-2	GRI 103: Management Approach (used together with GRI 417: Marketing and Labeling); Disclosure 103-2 (c-ii)
	GRI 417: Marketing and Labeling: Disclosure 417-1
P9-3	GRI 206: Anti-competitive Behavior, Disclosure 206-1
	GRI 417: Marketing and Labeling; Disclosures 417-2 and 417-3
P9-4	GRI 102: General Disclosures; Disclosure 102-43

Preparation of report

Standard is created to bring uniformity in reporting. There are many frameworks and standards used in reporting ESG performance. Reports are useful only if they are based on facts and figures.

Steps to start on ESG reporting

- Identification of relevant ESG requirements and standards
- ESG gap assessment study
- Stakeholder mapping & materiality
- Plan intervention programs and Implementation of the plans
- ESG Reporting

Useful Websites

https://sdgs.un.org/goals	https://www.globalreporting.org/
https://www.sebi.gov.in/sebi_data/commondocs/may-2021/Business%20responsibility%20and%20sustainability%20reporting%20by%20listed%20entitiesAnnexure1_p.PDF	https://www.mca.gov.in/Ministry/pdf/NationalGuideline_15032019.pdf
https://www.sasb.org/	

About Consultivo Academy

Consultivo Academy is the strategic business unit for training and capacity building services. It nurtures and enriches people's potential through interactive & solutions oriented courses both in conventional and new age e-learning platforms. We focus on improving the performance of companies by improving their teams' performance. In Consultivo Academy, we ensure engaging and stimulating learning which is directly linked to the business results and impacts.



CAPACITY BUILDING | SKILL DEVELOPMENT | QUALIFICATION | AWARENESS

About consultivo

Consultivo is an independent ESG, sustainability, business excellence and risk management consulting firm with 100+ solutions across the value chain.

Offering 100+ solutions in Social, Safety, Environment, Climate Change & Energy, Management Systems, Organisational Development and Human Capital across the value chain.

Delivering through **Advisory, Research, Assurance & Training** – both in strategic and operational level.



ESG and Sustainability solutions include development of sustainability/ESG strategy, voluntary sustainability standard (VSS), sustainability reporting as per GRI standard, materiality assessment & study, stakeholder engagement, water sustainability management, carbon footprint, energy audit & conservation, ethical supply chain management, due diligence and related services.

Major industry sectors where Consultivo has worked with:

Metal & Mining	Engineering	Cement	Oil & Gas	Chemical	Construction	Hospital
Mall & Hypermarket	Technology & Telecom	FMCG	Supply Chain	Agribusiness		

Consultivo works with 200+ National and International codes, standards and guidelines.

Partnership with academic institutions, research organizations & industrial associations is a significant activity to create powerful business solutions bespoke to customer needs.

- | Approved ESG consultant of **International Finance Corporation (World Bank Group)**
- | Approved Social Impact Assessment (SIA) Agency of **Govt. of Jharkhand, India**
- | Global Approved Auditor of **Pharmaceutical Supply Chain Initiative (PSCI), UK**
- | Approved Audit Body for **CORE (Code of Responsible Extraction)**
- | Knowledge & Technical Partner of **Confederation of Indian Industry (CII)**, Training & Knowledge Partner of **Indian Chamber of Commerce (ICC)**
- | Approved Audit and Monitoring Partner of **Ethical Tea Partnership (ETP), UK**

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