Navigating India's transition to sustainability reporting

An analysis of how companies are adapting to the Business Responsibility and Sustainability Reporting (BRSR) disclosures mandated by the Securities and Exchange Board of India (SEBI)

Evolving sustainability reporting requirements reflect an increasing shift towards embracing environmental and social responsibility. As stakeholders' expectations are undergoing a transformative change, governments and regulatory bodies are working diligently to address critical sustainability issues by directing organisations to disclose their sustainability efforts and impacts. These directives push businesses to communicate their environmental practices, social initiatives and governance structures transparently. This drives greater accountability and encourages the integration of sustainability into core business strategies. The evolving reporting landscape not only lays emphasis on reporting of the overall impact of an entity but also attempts to enhance stakeholders' trust by accentuating the need to verify reporting.

The introduction of regulations like the BRSR by SEBI[1] which mandates the top 1,000 listed companies to disclose their performance with respect to various E, S, and G parameters highlights the growing importance of corporate sustainability in India's growth story. In fact, India has emerged as one of the frontrunners to transition to a credible sustainability reporting landscape through the introduction of the BRSR Core.[1]

In this report, **we analysed the publicly accessible BRSR reports of top 100 companies (Nifty 50 companies and NEXT 50 listed companies) and their response to the regulatory requirement of mandatory reporting under the BRSR for the financial year ended 31 March 2023 (FY 22-23)**. This highlights the transition from viewing ESG as compliance to a core business strategy. We hope that this analysis is useful for companies as they prepare for ensuing compliance to the BRSR reporting cycle for the year ended 31 March 2024. Before we delve into the insightful findings of the analysis, let us revisit our understanding of the BRSR.

> **With the BRSR becoming a mandatory report for businesses, ESG considerations have become key strategic priorities in the boardroom discussions. This is a testimony of the enhanced awareness of the importance of sustainability and responsible business practices.**
>
> **Sambitosh Mohapatra**
> Partner and Leader – ESG, PwC India

1. https://www.sebi.gov.in/legal/circulars/jul-2023/brsr-core-framework-for-assurance-and-esg-disclosures-for-value-chain_73854.html

01

BRSR – an overview

A key regulatory development for mainstreaming ESG in India is the introduction of the BRSR which was introduced by SEBI in May 2021 as a replacement for the Business Responsibility Report (BRR).[2] The BRSR framework has taken references from many global reporting frameworks such as the Global Reporting Initiative (GRI), the Sustainability Accounting Standards Board (SASB) and the Task Force on Climate-Related Financial Disclosures (TCFD).

The BRSR framework aims to provide quantitative and qualitative disclosures, accentuating quantifiable ESG metrics to strengthen the clarity and accuracy of the information being reported. Disclosures are further segregated into 'essential' and 'leadership' indicators (fairly distributed across all three pillars of ESG) to be reported across the nine principles of the National Guidelines of Responsible Business Conduct (NGRBCs) which are, in turn, mapped to the UN's Sustainable Development Goals (SDGs). The disclosures were voluntary for FY 2021–22 and became mandatory from FY 2022–23 for the top 1,000 listed companies by market capitalisation.[2]

The move to introduce the BRSR was aimed to set in motion a more robust, inclusive and globally aligned reporting framework in India. Standardised ESG reporting through the BRSR has ushered in greater transparency and a holistic view of a business's environmental and societal impact, thus, enabling investors and other stakeholders to form key decisions through an ESG lens, make comparisons across companies and sectors, and track progress over time.

2. https://www.sebi.gov.in/legal/circulars/may-2021/business-responsibility-and-sustainability-reporting-by-listed-entities_50096.html

Figure 1: Components of the BRSR format

The BRSR format

- **Section A** → General information, **24 questions**
- **Section B** → Management and process disclosures, **12 questions**
- **Section C** → Principle-wise performance disclosures, **104 questions**
  - Essential indicators, **62 questions**
  - Leadership/ voluntary indicators, **42 questions**

Source: PwC analysis

Entities which were already preparing and disclosing sustainability reports based on internationally accepted reporting frameworks aimed to ensure alignment of BRSR reporting with globally accepted reporting frameworks. Overall, with the shift towards mandatory reporting under the BRSR, ESG considerations have now shifted up in the list of strategic priorities being discussed in the boardroom. To study the recent trends in BRSR reporting, we analysed the publicly available BRSR reports of the top 100 companies which include the Nifty 50 and the NEXT 50 companies.

Important findings from this analysis which reflect the ESG practices among leading companies in India have been covered in detail in this report.

> **The introduction of the BRSR marks a pivotal shift towards a transparent, more inclusive, and globally harmonised reporting framework in India. The framework empowers investors and other stakeholders to make informed decisions about the sustainability performance of the company.**
>
> **Sumit Seth**
> Chartered Accountant

02

Recent trends in BRSR reporting

As India commits to achieve its net zero vision by 2070,[3] the business sector is being viewed as a critical enabler in furthering this ambition. The government and the regulators have introduced new regulations pertaining to ESG for businesses. Through our analysis of the publicly available BRSR reports of the Nifty 50 companies and Next 50 companies for FY 22–23, we have attempted to assess the maturity of ESG regulations in India and how companies have responded to the evolving regulatory requirements in the ESG landscape.

> **India’s transition to BRSR Core positions the nation as a frontrunner in the global transition towards a more credible and transparent sustainability reporting landscape.**
>
> **Heman Sabharwal**
> Chartered Accountant

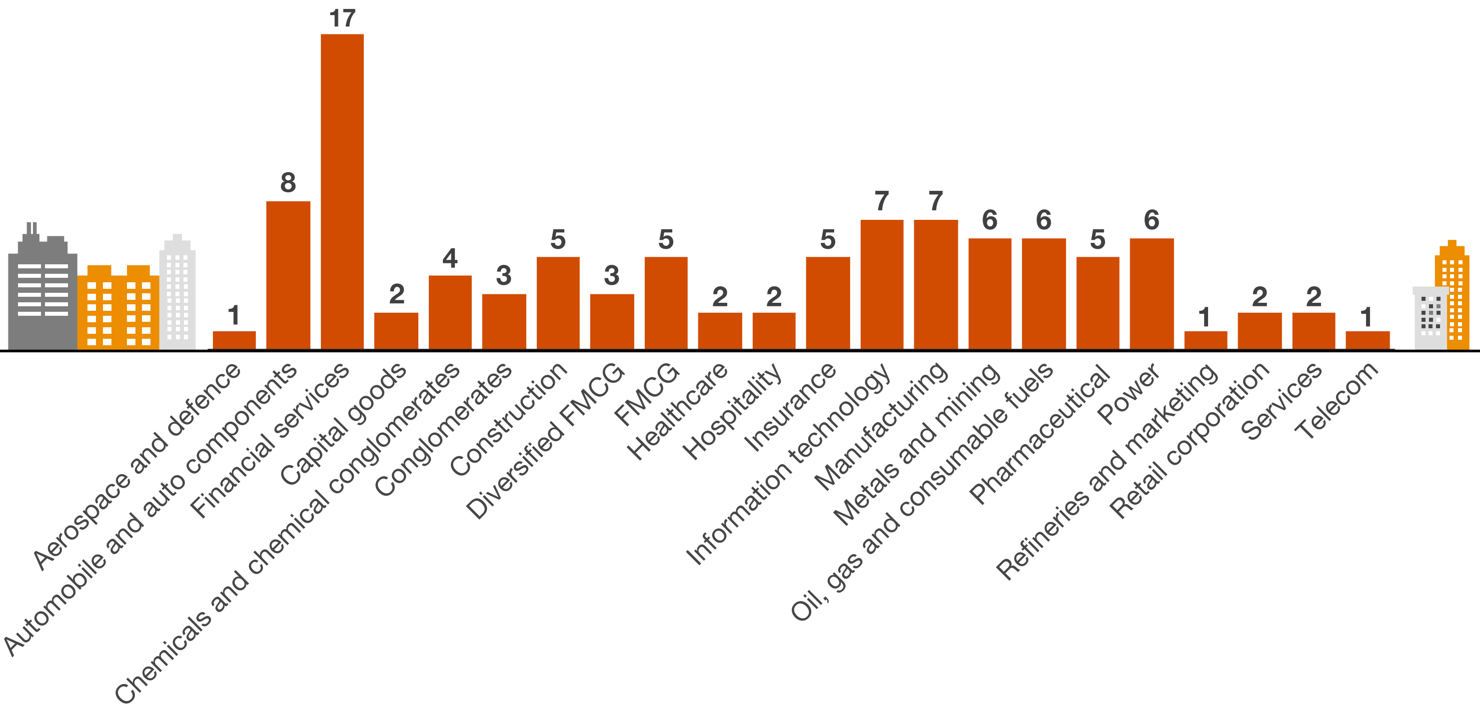
3. https://pib.gov.in/PressReleaseIframePage.aspx?PRID=1945472

Our analysis included the following key areas:

- gauging the overall sentiments among top companies regarding the new regulation
- analysing the applicability of the regulation by drawing inter-sectoral comparisons
- analysing the level and maturity of the BRSR disclosures across E, S, and G
- leading practices in top 100 companies in relation to the BRSR disclosures
- common challenges faced by businesses
- identifying the areas of potential enhancements in the BRSR disclosure
- assessing the reporting of qualitative and quantitative disclosures across leadership and essential indicators

Figure 2: Sectors covered in the analysis

Sector-wise breakdown of Nifty 50 and Next 50 companies



Source: PwC analysis

89 companies out of 100 reported on leadership (voluntary) disclosures

Of the 42 leadership indicators, companies reported on an average of **32** indicators

While assessing maturity across the three pillars of ESG, the analysis shows greater maturity in reporting environment-related indicators in comparison to social and governance indicators.

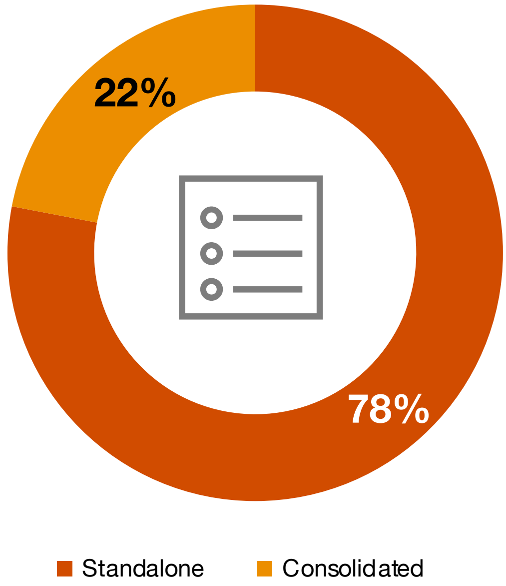
Reporting boundary

To ensure clarity and transparency in reporting, it is important for an organisation to clearly define its reporting boundary. Within the BRSR framework this aspect is outlined in Section A: General Disclosures,[4] i.e. disclosure as to whether the reporting covers standalone or consolidated data.

To make sure that there is coherence and transparency in reporting practices, the accompanying guidance highlights an essential requirement to uphold consistency in maintaining the said reporting boundary throughout the BRSR. It also suggests seeking an alignment with the financial reporting boundary of the company. This makes it easier for investors and stakeholders to assess information disclosed in a holistic way.

In our analysis we observed that only 22% of the companies adopted reporting on a consolidated basis. Going forward, strengthening of standard data management and consolidation practices across organisations can potentially result into increase in the numbers of companies to make disclosures on a consolidated basis.

Figure 3: Reporting boundary of companies



Source: PwC analysis

Material topics reported

The long-term success of the ESG strategy of a company is reliant upon its determination of key material topics. Material topics convey an organisation's most relevant ESG topics which can significantly impact the operations of the business, now or in the future. As per our analysis of the BRSR reports of the Nifty 50 companies, we noted that the following material topics were the most commonly reported topics across E, S and G.

Table 1: Most commonly reported material topics

Environment	Social	Governance
• Climate change • Biodiversity • Circular economy • Water management • Product stewardship	• Diversity and inclusion • Health and safety • Community relations • Supply chain • Customer relationship • Human rights • Training and development	• Corporate governance • Cybersecurity and data privacy • Risk management • Business continuity • Economic performance • Innovation and digitalisation • Business ethics and integrity

Source: PwC analysis

4. https://www.sebi.gov.in/sebi_data/commondocs/may-2021/Business%20responsibility%20and%20sustainability%20reporting%20by%20listed%20entitiesAnnexure2_p.PDF

Assurance

For several questions covered under Principle 6[5] – business should respect, protect, and make efforts to restore the environment – the BRSR seeks clarity about whether or not an external agency had assured the disclosed data. We analysed whether companies sought assurance on such indicators in FY 22–23.

It was reassuring to note that in addition to ensuring the reliability of the data disclosed under Principle 6 (which primarily consists of environment indicators), companies are also seeking assurance for various other important indicators. These indicators range across topics such as receipt of prevention of sexual harassment (POSH) complaints, training programmes conducted, metrics reflecting health and safety performance, and the composition of the board in terms of diversity and other factors. This proactive approach of seeking assurance for a broader set of indicators demonstrates a commitment to transparency and accountability across multiple facets of business responsibility and sustainability.

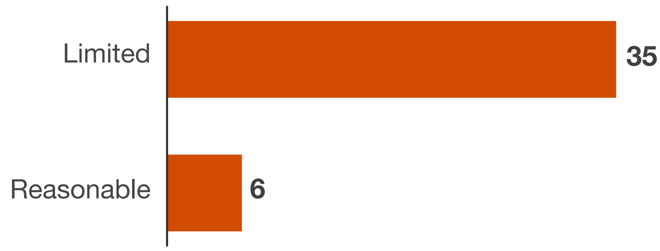
Our analysis revealed that approximately 57% of the companies have sought certain level of assurance and 41 of such companies have specified the level of assurance – reasonable or limited. These companies have sought assurance on an average of 6 out of 9 indicators under Principle 6.

As SEBI makes assurance mandatory for the top 150 companies from FY 2023–24 onwards through the introduction of the **BRSR Core**, companies now need to prepare and modify their systems, processes and controls to be assurance-ready.

Nine
questions in Principle 6 ask for assurance

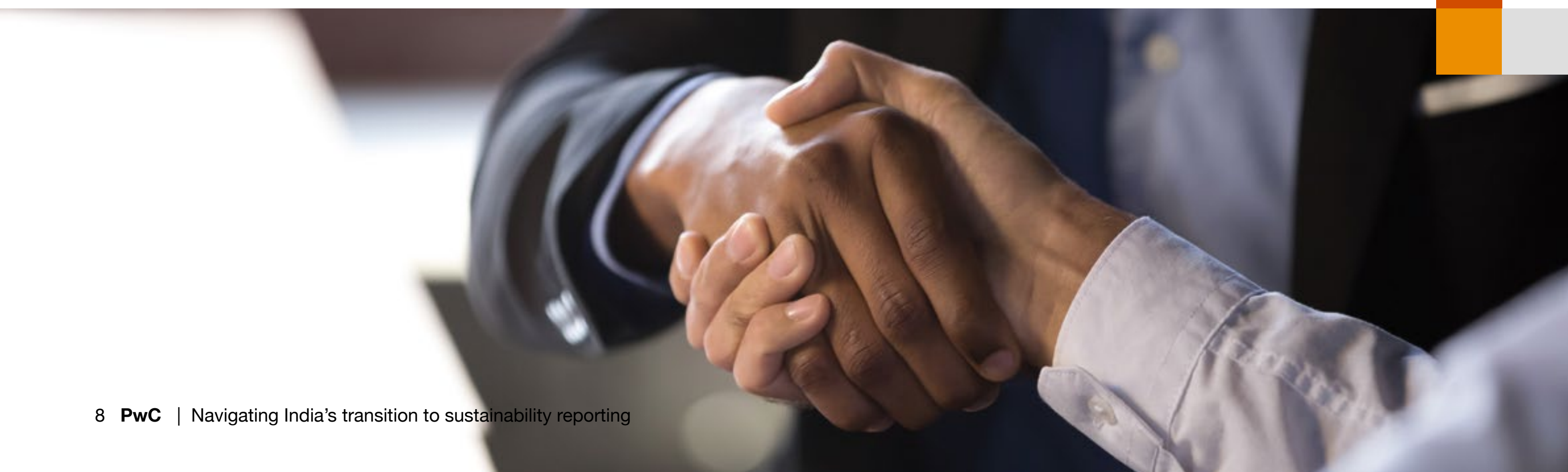
> **It is reassuring to note that companies are not only focused on making comprehensive ESG disclosures but also endeavouring to enhance trust in their reporting by seeking assurance for a range of significant indicators.**
>
> **Shweta Mathur**
> ESG Expert

Figure 4: Level of assurance conducted on BRSR



Source: PwC analysis

5. https://www.sebi.gov.in/sebi_data/commondocs/may-2021/Business%20responsibility%20and%20sustainability%20reporting%20by%20listed%20entitiesAnnexure1_p.PDF



Life-cycle assessment

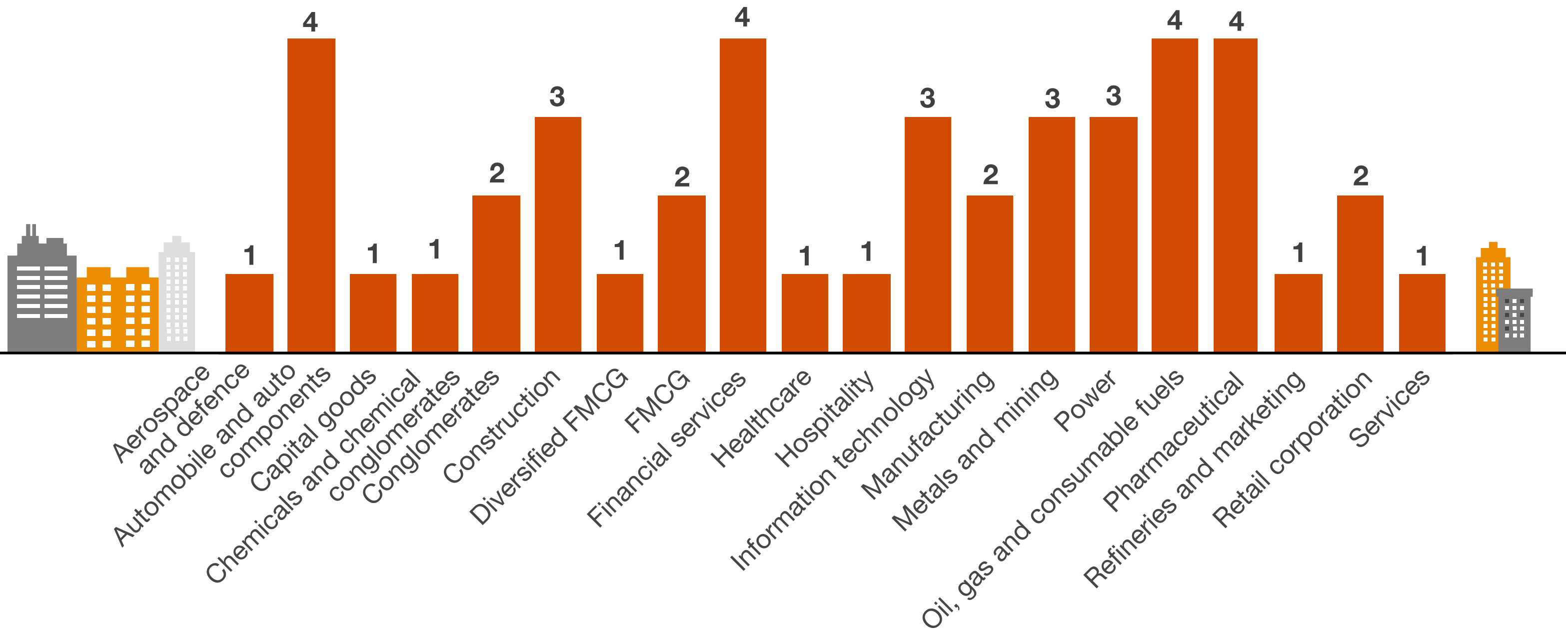
One of the most efficient methods of assessing the environmental impact of a company's product or service is by conducting a life-cycle assessment (LCA) of its outputs. This cradle-to-grave methodology of calculating the environmental impact of a product or service provides a deeper insight into the level of optimisation of natural resources across the value chain. The life cycle analysis assists an organisation in establishing relevant controls in place to contain various environmental impacts such as excessive emissions and waste generation which, in turn, improve resource efficiency.

44%

of the top 100 companies conducted the life-cycle assessment of their products or services

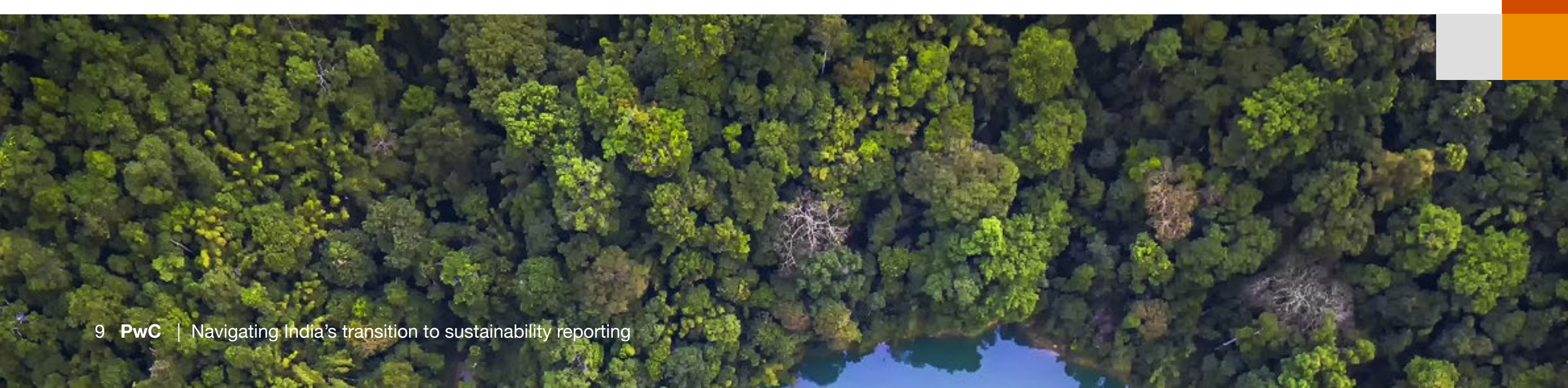
Source: PwC analysis

Figure 5: Sector-wise breakdown of companies which are conducting LCA



Source: PwC analysis

The leadership and other essential indicators of the BRSR seek to unfold the environmental stewardship of any organisation. Environmental disclosures such as the description of ecologically sensitive locations where a business may be operating, license to operate in such eco-sensitive areas, and the data related to the local flora and wildlife being impacted shed light on the possible environmental impact of its operations in such areas. The BRSR further goes on to seek if any assessment has been performed to understand and subsequently work on the impact of the business activities which the disclosures highlight. Disclosing the direct and indirect impact of the operations and any subsequent remediation carried out in such a case reinforces an entity's active consideration of the matter and whether it is focusing on the rectification of any negative impact created by its value chain.



Sustainable sourcing

Sustainable sourcing is essential for every industry. Businesses expose themselves to a wide spectrum of risks such as price fluctuations, damage to brand reputation and challenges to comply with regional regulations and laws as they expand their supply chains across the globe to leverage reduced prices and enhanced production capacity. Customers, shareholders, workers, non-governmental organisations, trade associations, labour unions, government observers and other stakeholders have higher expectations from businesses today. These stakeholders want businesses to uphold high standards of social, ethical and environmental behaviour. As a result, organisations are increasingly integrating sustainable sourcing into their procurement and supply chain management processes to better identify and manage risks and take advantage of sizable possibilities.

The establishment of strong, long-lasting partnerships with suppliers is the principal goal of sustainable sourcing. To build these ties, the performance of an organisation on environmental, social, and ethical parameters must be improved. The pursuit of this improvement has evolved into an organisation's dedication to corporate responsibility and has become a crucial element for the entire business structure and strategy.

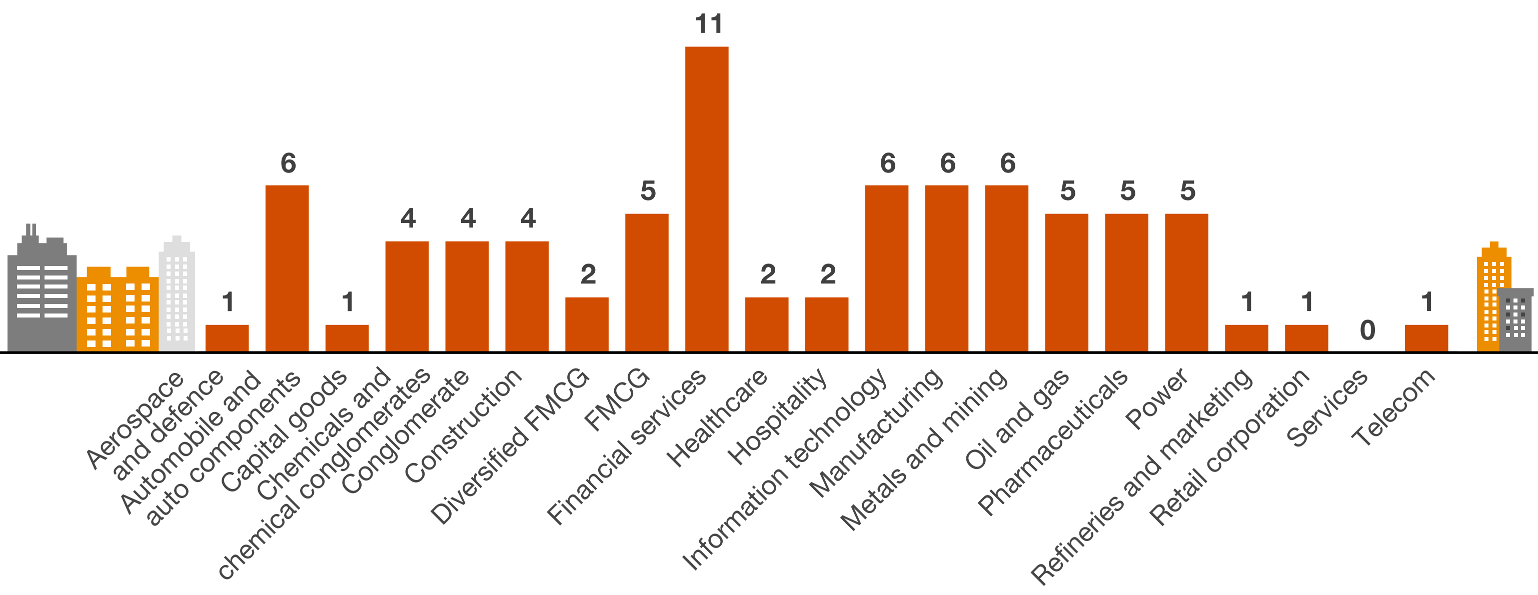
80%
of the companies have engaged with MSMEs

60%
of the companies have engaged with local suppliers

Circular economy

Figure 6: Input of recycled material used

Sector-wise breakdown of companies who have disclosed their recycled /recovered waste



Source: PwC analysis

In a circular economy, the focus is on sharing, renting, reusing, repairing and recycling old goods for as long as possible. This approach not only promotes sustainability but also helps to optimise the consumption of finite resources, minimise landscape and habitat disruption, lower emissions and encourage innovation. As a result, a mutually beneficial cycle of interconnected environmental and economic benefits is created.

The significance of a circular economy is unparalleled in times when organisations are transitioning to a more sustainable and net-zero future. The circular economy can be incorporated across the value chain by using recycled materials recovered as raw material in the manufacturing sector.

78%
of the companies have recycled/recovered waste

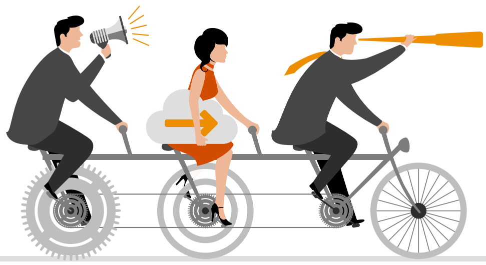
Leadership indicators

Section 3 of the BRSR framework encompasses both essential and leadership indicators, with the former being obligatory and the latter being discretionary in nature. We noted that, during FY 2022–23, a subset of companies transcended these stipulated boundaries by not only addressing the obligatory essential questions but also proactively disclosing information pertinent to the voluntary leadership indicators. Some of the most commonly reported leadership indicators included Principle 1:– awareness programmes conducted for value chain partners, processes in place to avoid/ manage conflict of interests involving members of the Board, Principle 3: details of life cycle perspective/ assessments, and Principle 9: consumer awareness initiatives, instances of data breaches, etc.

This progressive step not only exemplified a commendable level of transparency and commitment but also reflected on the preparedness exhibited by Indian enterprises when it comes to matters concerning sustainability, and its related data and insights.

89%
of the companies disclosed their information on leadership indicators

By voluntarily embracing leadership indicators and integrating them into their disclosures, these companies communicated their earnest dedication to aligning themselves with the ethos of responsible business practices.



Greenhouse gas (GHG) emissions

Climate change is one of the most significant threats which human beings are facing today. Melting glaciers, rising sea levels, frequent and severe weather events and disruptions to ecosystems are now a global phenomenon bearing witness to the catastrophic consequences of climate change. In the global fight against climate change, economies across the globe are collectively committing to achieving their net zero targets. The reduction of GHG emissions has become a key strategic priority for countries to combat the adverse effects of climate change, protect vulnerable communities and to preserve the planet for future generations.

For present-day enterprises, reducing GHG emissions is not just an environmental necessity, but also an economic and social imperative to create a sustainable and resilient future. Furthermore, GHG reduction can also bring economic benefits such as energy efficiency, reduced healthcare costs and the creation of green jobs in the clean energy sector.

Our analysis of top 100 listed companies hinted towards a sincere attempt to reduce their carbon footprint. **As per the published data/information, we noted that 34 of the 100 companies demonstrated a reduction in their Scope 1 emissions and 29 companies have managed to reduce their Scope 2 emissions**. The key initiatives which led to a reduction in emissions include, transitioning to energy-efficient technologies such as LEDs, adopting efficient air conditioning, ventilation, and heating systems, shifting to renewable sources for securing energy needs, purchasing carbon offsets, and entering into off-site power purchase agreements.

34% of the companies have reduced their Scope 1 emissions

29% of the companies have reduced their Scope 2 emissions

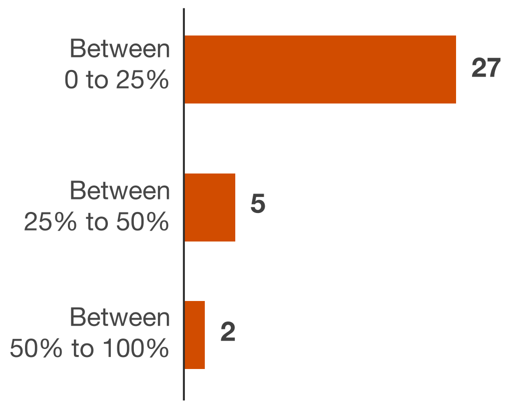
12% of the companies have reduced both Scope 1 and Scope 2 emissions

70% of the companies witnessed a reduction in the overall emission intensity

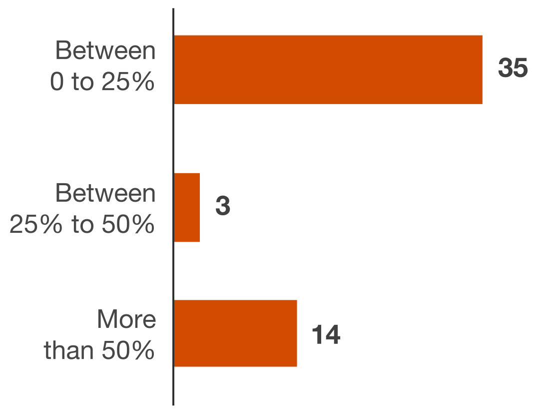
For Scope 1 emissions, the analysis reveals that 27 out of the total 100 companies have reduced their Scope 1 emissions between 0 to 25%.

Figure 7: An analysis of GHG (Scope 1) reduction or increase for the top 100 Indian listed companies in FY 22–23

Companies who have reduced their scope 1 emissions



Companies who have witnessed increase in scope 1 emissions

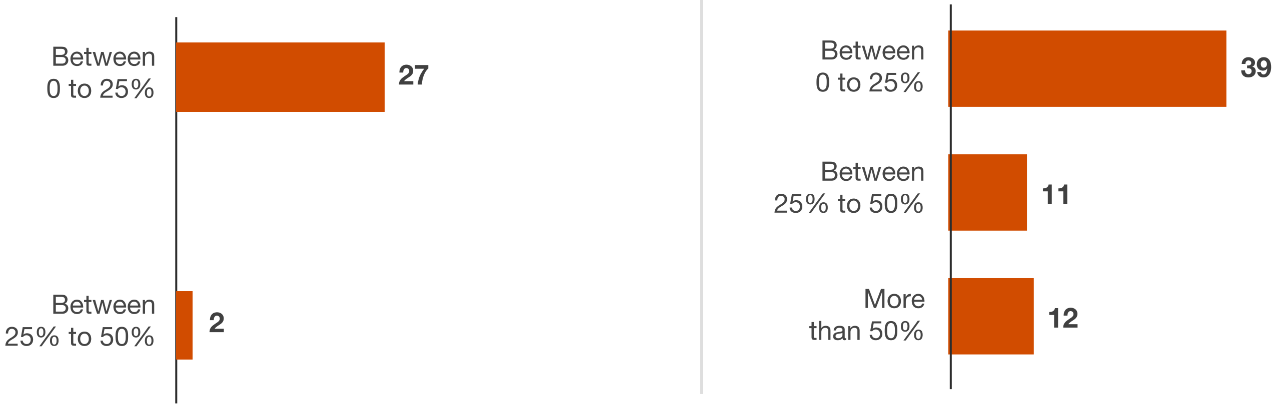


For Scope 2 emissions, the analysis reveals that 27 out of the total 100 companies have reduced their Scope 2 emissions between 0 to 25%.

Figure 8: An analysis of GHG (Scope 2) reduction or increase for the top 100 Indian listed companies in FY 22–23

Companies which have reduced their scope 2 emissions

Companies which witnessed an increase in their scope 2 emissions



Source : PwC analysis

Scope 3 emissions are the indirect emissions (not included in scope 2) that occur in the value chain of the reporting company, including both upstream and downstream emissions.[6] Therefore, addressing Scope 3 is not only crucial to understand an entity's sustainability journey but is also typically difficult to calculate and assess. 51 out of 100 companies analysed disclosed their Scope 3 data for FY 2022–23. This sheds light on how Indian businesses are taking a step further in reporting and addressing their Scope 3 emissions despite it being a voluntary disclosure.

The potential to mitigate the worst effects of climate change can be achieved by reducing Scope 3 emissions and integrating them in net zero carbon ambitions or commitments. Companies may acquire a better understanding of their carbon footprint, and minimise risks in their value chains, thereby enhancing reporting of their BRSR disclosures.

51% **of 100 companies analysed have disclosed their Scope 3 data for FY 2022–23**

As per BRSR, for now, it is not mandatory to disclose Scope 3-related data. However, one of the core principles of BRSR places major prominence on value chain assessments which is encompassed in Scope 3 emissions. Monitoring Scope 3-related disclosures have the potential to help businesses guard themselves against the risks associated with any upcoming government and regulatory carbon limitations.

49% **companies have increased their energy consumption from renewable sources**

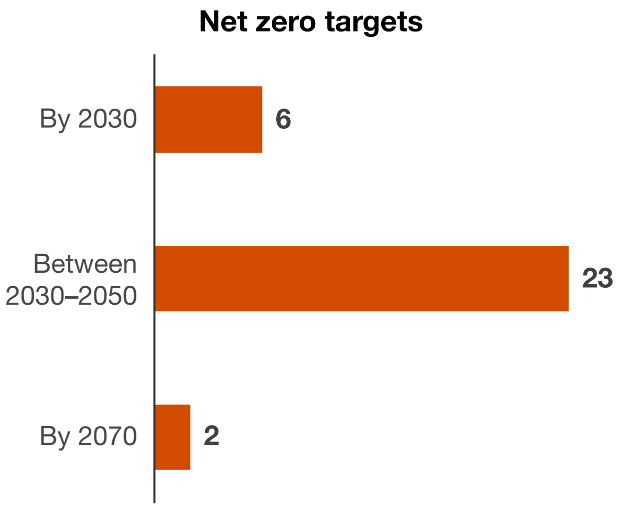
25% **companies have reduced their energy consumption from non-renewable sources**

The above data highlights the gradual transition to renewable sources such as solar and wind energy.

6. https://ghgprotocol.org/sites/default/files/standards_supporting/FAQ.pdf

Net zero commitments

Figure 9: An analysis of disclosure of net zero targets by the top 100 Indian listed companies in FY 22–23



Source: PwC analysis

With India's goal to reach net zero status by 2070, the country has placed significant importance on sustainable and green initiatives. In the FY 23–24 Union Budget, the Finance Minister pledged INR 35,000 crore for India's net zero and energy transition targets, identifying it as a vital pillar for the Indian economy and development.[7] In the FY 24–25 Interim Budget, the Finance Minister announced initiatives to install solar panels on rooftops of one crore households and provide viability gap funding for harnessing offshore wind energy potential with an initial capacity of one gigawatt.[8] While such support from the government is welcome for India's advancement in the race to accomplish its sustainability targets, businesses need to continue transitioning to sustainable operations across their value chain.

31%
of the companies disclosed their net zero targets

7. Press Information Bureau (pib.gov.in)
8. Ibid

Waste generation

As environmental concerns escalate, it is important for companies to adopt proactive measures. These include waste reduction, recycling, and proper disposal to minimise their ecological impact. A collective effort from both organisations and regulatory bodies is crucial to achieve a balance between industrial expansion and environmental conservation.

30 out of 100 companies reduced their waste generation in FY 22–23

This highlights a growing awareness and commitment among businesses towards responsible waste management practices.

Water consumption

Water is an essential resource for sustaining life and supporting various industries. In India, where the availability of water is a growing concern, it is essential to analyse the water consumption patterns of major companies as they play a pivotal role in the economy and can significantly impact the country's water resource availability. Several large organisations are proactively addressing water sustainability challenges by implementing water conservation initiatives, adopting water-efficient technologies, and investing in wastewater treatment to mitigate the impact on water resources.

26 out of 100 companies have reduced their water consumption in FY 22–23

Diversity and inclusion

Gender diversity is crucial for companies as it:

- builds a more inclusive and egalitarian workplace culture attracting top talent, boosting morale, and enhancing the employee retention rate, and
- brings diversity in a team fostering innovation and creativity weaving different perspectives, which, in turn, may enhance the problem-solving capacity of employees.

A diverse and inclusive workforce reflects a vibrant mix of talent and skills. It also aligns businesses to the UN's Sustainable Development Goals (SDGs) and can play a key role in creating sustainable and socially responsible business models.

Organisations with a diverse workforce may demonstrate enhanced teamwork among its employees.[9] Diversity leads to enhanced employee satisfaction, makes them feel more included and respected with a heightened sense of belonging in the organisation. For Indian businesses which strive to succeed in a fast-changing and competitive environment, encouraging gender diversity becomes both a humanitarian and a strategic need.

We analysed the diversity of the organisations on two parameters:

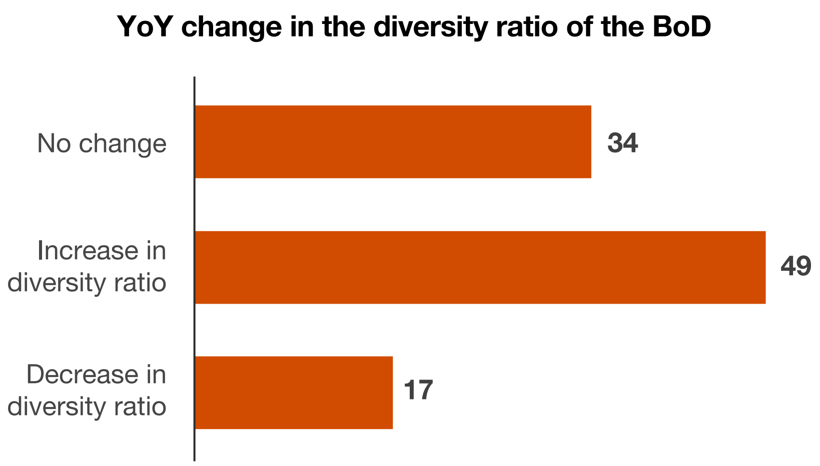
1. Increase in gender diversity in the workforce over the last year.
2. Increase in the male-female ratio in the board of directors (BoD) of these organisations.

52% of the companies witnessed an improvement in their gender diversity ratio in FY 22–23 as compared to FY 21–22

12% of the companies witnessed a growth of more than 50% in female workforce in FY 22–23

9. https://www.weforum.org/agenda/2019/04/business-case-for-diversity-in-the-workplace/

Figure 10: Change in gender diversity among the board of directors (BoDs)



In FY 2022–23, 49% of companies witnessed increase in gender diversity in their board representation

Source: PwC analysis

Human rights

Around **90%** of the companies have a human rights policy either as a part of their code of business ethics or a dedicated policy on the protection of human rights. The BRSR format encourages companies to disclose whether they include human rights principles in their contracts with vendors and other third parties and if they have a dedicated policy outlining human rights standards and consequences for any violations.

Human rights are the cornerstone of socio-economic development. Enunciated across global declarations and treaties, these rights propel equity and inclusivity of all individuals, regardless of their caste, creed, culture, background, beliefs, or circumstances. Human rights encompass a wide range of basic rights ranging from the right to life and accessibility to quality education and healthcare. They shield disadvantaged groups and foster their social advancement. Some of the internationally recognised human rights principles include the rights set out in the UN International Bill of Human Rights and the principles concerning fundamental rights enumerated in the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work. The UN International Bill of Human Rights consists of the Universal Declaration of Human Rights, the International Covenant on Economic, Social and Cultural Rights and the International Covenant on Civil and Political Rights and its two Optional Protocols. Other UN instruments elaborate further on the rights of indigenous peoples; women, national or ethnic, religious and linguistic minorities; children, persons with disabilities, and migrant workers and their families.[10]

10. https://www.globalreporting.org/

Upskilling

Investing in upskilling employees is essential in today's fast-paced and competitive business environment as it caters to fulfilling both individual and organisational goals. With the help of upskilling programmes, employees can remain up-to-date as per the changing trends and technologies and stay relevant in their roles and advance in their careers. Promoting employee development fosters a culture of continuous learning and development resulting in higher engagement and retention rates. BRSR requires organisations to provide disclosures about their employee upskilling initiatives under various topics.

99% of the companies provide trainings for their employees outlining the concept of human rights

64% of the companies provide trainings to their value chain partners and third parties on one or more principles of the BRSR

99% of the companies provide health and safety and upskilling training to their workforce

Value chain assessment

The objective of introducing the **BRSR Core indicators** is to enhance the scope of reporting to include the performance of key value chain partners starting with the top 250 listed companies by market capitalisation. During our analysis, attention was directed towards questions linked to the **value chain**, an important aspect which is usually covered in leadership-related inquiries. This analysis revolved around a spectrum of parameters that collectively captured the intricate dynamics of a company's value chain engagement.

Value chain partner training: The analysis delved into understanding whether companies extended ESG training and awareness programmes to their value chain partners. This highlighted the extent to which businesses are invested in imparting knowledge and best practices throughout their value chain, thereby fostering an ecosystem of shared responsibility and equipping them to report on their respective sustainability performance. The analysis of an organisation's endeavour to enhance the capacities of its value chain partners across various parameters of E, S and G entailed monitoring of indicators such as:

1. **Statutory dues compliance:** The analysis encompassed the adherence of value chain partners to statutory dues reflecting an essential facet of responsible business conduct.

2. **Health, safety and working conditions:** The analysis included whether assessments were conducted to ensure the health, safety and working conditions of value chain partners. This underscores a profound commitment to the well-being of all stakeholders throughout the value chain.

3. **Inclusion of POSH and human rights initiatives:** The evaluation extended to determining whether value chain partners were integrated into initiatives addressing the POSH, non-discrimination and other human rights considerations. This aspect highlighted the inclusivity and ethical dimensions of a company's value chain engagement.

4. **Environmental footprint of the value chain:** The analysis encompassed an examination of the environmental footprint stemming from the activities of value chain partners.

5. **Value chain impact assessment:** The analysis sought to reveal whether evaluations were conducted to diagnose the environmental and social impact introduced by the value chain partners of the businesses.

62% of companies provided training on key ESG issues to their value chain partners

60% of companies have conducted health and safety assessments for their value chain partners

58% of companies have conducted assessment on human rights issues like POSH and discrimination

54% of companies have assessed their value chain partners against environmental indicators

03

Fostering trust and transparency in ESG reporting

Figure 11: A glide path approach to BRSR Core

FY 22–23

SEBI through its circular[11] dated July 12, 2023, has mandated BRSR Core reasonable assurance for the top 1000 companies by market cap in a phased manner starting 2023–24.

FY 23-24: Top 150 listed companies

FY 24-25: Top 250 listed companies

FY 25-26: Top 500 listed companies

FY 26-27: Top 1000 listed companies

FY 24–25

Disclosures for value chain shall be made by the top 250 listed companies (by market capitalisation) as per BRSR Core on a comply-or-explain basis.

11. https://www.sebi.gov.in/legal/circulars/jul-2023/brsr-core-framework-for-assurance-and-esg-disclosures-for-value-chain_73854.html

In July 2023, SEBI took a critical step by announcing the BRSR Core – a limited set of nine traits, all of which are relevant to the E, S, and G categories for which the top 1,000 listed businesses (by market capitalisation) will be required to obtain reasonable assurance.[12] GHG footprint, water footprint, energy footprint, waste management, enhancing employee wellbeing and safety, enabling gender diversity in business and enabling inclusive growth, will form the key attributes in BRSR Core.

The mandate intends to enhance transparency and credibility in reporting of these critical non-financial disclosures enabling stakeholders to make well informed decisions.

Also as illustrated in Figure 11, a SEBI circular dated 12 July 2023 establishes an efficient glidepath for the inclusion and participation of value chain partners.[15] Acknowledging the intricate networks of suppliers, distributors and other collaborators which form a crucial part of the value chain, the framework encourages businesses to extend their commitment to sustainability and responsible practices through their value chain and disclose the same in their reports. The benefits, opportunities and risks associated with the operations of a business now consider not only what the business itself does but also the actions of its upstream and downstream entities.

12. https://www.sebi.gov.in/legal/circulars/jul-2023/brsr-core-framework-for-assurance-and-esg-disclosures-for-value-chain_73854.html

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Way forward

The way in which the ESG landscape is evolving in India and how businesses are responding to the developments demonstrates the increasing focus on sustainability. The shift in focus is also underpinned by rapid development and enhancement of regulations in this field. As a result, it is vital for companies to thoroughly assess their existing ESG guidelines, processes, control and data management mechanisms, and continue to upgrade them in a timely manner to ensure the quality and consistency of ESG performance reporting.

Further, it is equally important to recognise that merely offering ESG data is no longer sufficient. The BRSR Core framework's execution has underlined the need for greater trust in ESG reporting, with the inclusion of the value chain in the disclosures instead of limiting the regulations to an entity's operations.

Also read:


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The new language of trust for businesses
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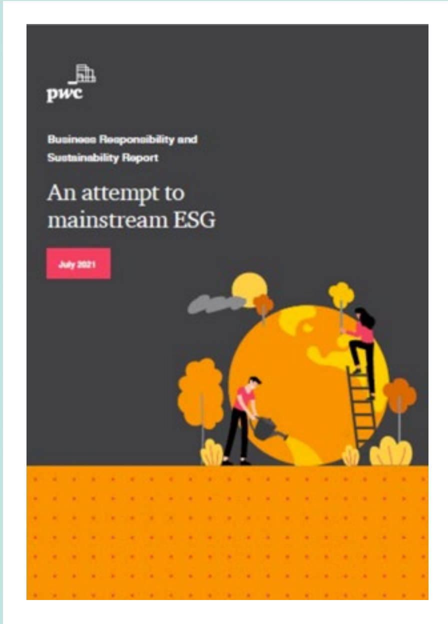
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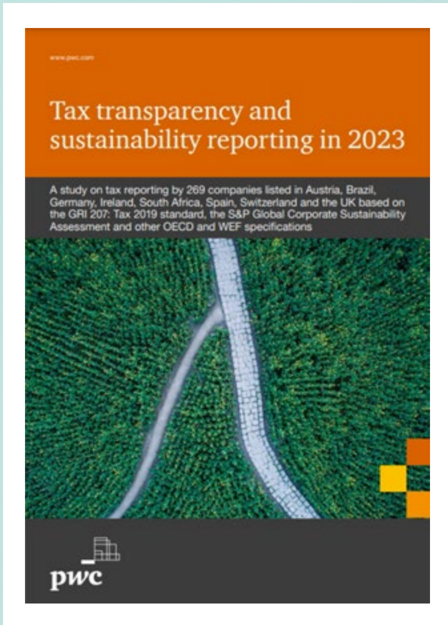
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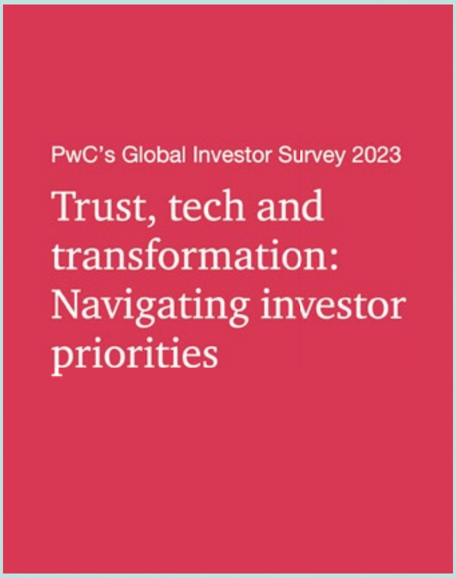
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