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## BRSR aligns ESG driven by **Growth-Progress - Success Framework**



For the past several years, companies have been releasing Business Responsibility Reports (BRR). On May 10, 2021, SEBI issued a circular introducing the Business Responsibility and Sustainability Report (BRSR), which will replace the Business Responsibility Reporting (BRR). The new reporting format outlines mandatory ESG policies and requirements for the top 1000 listed companies by market capitalization. The format is based on the nine principles stipulated in the “National Guidelines on Responsible Business Conduct” (RBC Guidelines).

The RBC Guidelines are influenced by leading international standards, including the UN Guiding Principles on Business and Human Rights, UN Sustainable Development Goals, Paris Agreement, and International Labor Organization (ILO) Core Conventions. The RBC Guidelines addresses key sustainability matters, such as business ethics and transparency, human rights, environmental safety, and fair labor practices.

The Companies reports are intended to communicate its vision of sustainability, disclose how it manages environmental, social and governance aspects and demonstrate its progress towards sustainability goals and initiatives. These transparent disclosures allow the Company's stakeholders to benchmark its performance against industry peers. The Companies are focused on executing a strong ESG proposition by working with all relevant stakeholders as well as in its own operations. During the Covid-19 pandemic, in the last 2 years, the Companies have been driven by intense collaboration among its teams prioritized on safety, health and well-being of its employees including communities.

**Principal No 1: Business should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent and Accountable.**

This covers integrity & transparency which are integral to company's code of conduct. Conduct is a framework which explains what is expected from each employee & stakeholder globally. All Board of Directors, key management and senior personnel covered by integrity training as per CoC. (Code of Conduct). It considers that businesses are an integral part of society and they will hold themselves accountable for the effective adoption, implementation and the making of disclosures on their performance.

**Principle 2: Businesses should provide goods and services in a manner that is sustainable and safe.**

Sustainable sourcing: refers to the integration of social, ethical, and environmental performance factors into the process of selecting suppliers.

The Companies to ensure sustainable sourcing shall take the following steps:

- a) Companies to formulate a sustainable sourcing policy, program, or set of principles.
- b) To identify if the existing suppliers are compliant with any of the Social and Environmental Standards.
- c) To make the suppliers aware of the same and get a declaration from the suppliers that are compliant with the principles as identified by the Company.
- d) To identify suppliers who are compliant with the policy or the standards.
- e) To calculate the inputs sourced from such suppliers against the total inputs sourced by the Company.

Extended Producer Responsibility (EPR) plan: means the responsibility of a producer for the environmentally sound management of the product until the end of its life.

The Uniform Framework for Extended Producers Responsibility issued by the Ministry of Environment, Forest and Climate Change places responsibility on producers, importers, and brand owners to establish a system for collecting back the plastic waste generated due to their products and submit a plan for such collection with the relevant Pollution Control Board(s).

Life cycle assessment is an analytical procedure that involves the assessment of the potential environmental or social impacts of a product or service, throughout its life cycle. The boundary of LCA refers to the scope for which the assessment was conducted. For example, in the case of products, the boundary of LCA could be the following:

- a) Cradle-to-grave is the full Life Cycle Assessment from resource extraction ('cradle') to use phase and disposal phase ('grave').

- b) Cradle-to-cradle is a specific kind of cradle-to-grave assessment, where the end-of-life disposal step for the product is a recycling process.

- c) Cradle-to-gate is an assessment of a partial product life cycle from resource extraction (cradle) to the factory gate (i.e., before it is transported to the consumer).

**Principle 3: Business should respect and promote the well-being of all employees including those in their value chains.**

The policies and practices that are about the equity, dignity and well-being and the provision of decent work, for every employee that who are engaged within a business or in its value chain, without any discrimination and in a way that contributes to the diversity. The principle identifies the well-being of an employee and the welfare of his/ her family. Wellness and mental health programs for all employees with vaccination assistance to 100% of employees and their family members and contract employees. Leadership Learning Ecosystem focused on 100% of employees with focus on continuous learning & development.

**Principle 4: Businesses should respect the interests of and be responsive of all its stakeholders.**

This principle recognizes the businesses operate in an ecosystem that consists of some stakeholders, being shareholders and investors and their activities affect natural resources, habitats, communities, and the environment. The principle brings into light that businesses have a responsibility to maximize the positive effects and minimize and mitigate the negative impacts of the products, operations and operations and practices on their stakeholders. This covers all the CSR activities.

**Principle 5: Business should respect and promote human rights.**

This principle identifies the human rights are rights that must be inherent to all human beings and these guidelines are applied without discrimination. These human rights are inherent, inalienable, interrelated, interdependent and indivisible. This principle is inspired, informed, and guided by the Constitution of India and the International Bill of Rights, and recognizes the primacy of the State's duty to protect and fulfil human rights. Respect for human rights is an integral part of the Code of Conduct. Multi-pronged approach to Human Rights covering employees, suppliers and contractors, local communities, and society.

**Principle 6: Business should respect and make efforts to protect and restore the environment.**

The UN General Assembly adopted the 2030 Agenda for Sustainable Development which established seventeen Sustainable Development Goals (SDGs), comprising targets and indicators, as well as follow-up and review mechanisms. Significantly, the SDGs recognize the role of business as a major

driver for economic growth and infrastructure, whilst explicitly calling for businesses to act in accordance with the UNGPs.

At its heart are the 17 Sustainable Development Goals (SDGs), which are an urgent call for action by all countries - developed and developing - in a global partnership. They recognize that ending poverty and other deprivations must go hand-in-hand with strategies that improve health and education, reduce inequality, and spur economic growth – all while tackling climate change and working to preserve our oceans and forests.

This Principle recognizes that environmental responsibility is a prerequisite for sustainable economic growth and for the well-being of society. The principle emphasizes that environmental issues are interconnected at the local, regional, and global levels, which makes it imperative for businesses to address issues like pollution, biodiversity conservation, sustainable use of natural resources and climate change (mitigation, adaptation, and resilience) in a just, comprehensive, and systematic manner. These are aligned with SDGs 11, 13, 14 and 15. The Principle encourages businesses to assess environment impacts of its products and operations and take steps to minimize and mitigate its adverse impacts where these cannot be avoided. The principle encourages businesses to adopt environmental practices and processes that minimize or eliminate the adverse impacts of its operations and across the value chain. The principle encourages businesses to follow the Precautionary Principle in all its actions.

**Principle 7: Businesses, When Engaging In Influencing Public And Regulatory Policy, Should Do So In A Manner That Is Responsible And Transparent.**

Besides the stakeholders with whom an entity is directly or indirectly associated, an organization has a greater responsibility towards the public at large whom it is influencing in some way or the other. Except for some large business entities, the corporates generally do not engage with the public directly. Instead, they prefer to be associated with large associations/ institutions/ trade and industry chambers. Therefore, in order to determine the degree of influence an organization has over the public, and the way the influence is being exercised, it is necessary to look into the institutions with which they are associated.

While the organization must identify its top 10 affiliations based on the size of the institute (that is to say, the number of members in the institution), the disclosure provides certain extra reporting recommendations that the company should follow in order to assess its degree of association.

The reporting organization should include memberships maintained at the organizational level in associations or organizations in which it holds a position on the governance body, participates in projects or committees, provides

substantive funding beyond routine membership dues, or views its membership as strategic.

**Public policy advocacy:** This comes as a part of leadership indicator, where the companies need to disclose whether they advocate any public policy. Public policy advocacy denotes influencing the public in a specific way towards a public matter, for example, child labor, women education, cleaner environment etc. If a company engages as such, there are two things that should be clear in the mind of the management-

1. The significant issues that are the focus of its participation in public policy development and lobbying
2. Its stance on these issues, and any difference between its lobbying position and any stated policies, goal, or other public position.

An entity has greater responsibility towards public at large whom it is influencing in some or other way. And therefore, large entities prefer to be associated with large associations/ institutions/ trade and industry chambers. As the entities are associating themselves with so many institutions it is required to determine the degree of influence an organization has over the public, and the way the influence is being exercised. The organization should have a system of having complete public disclosure when in an advocacy role consistent with the NGRBC. Businesses should ensure that its policy advocacy positions promote fair competition and respect for human rights.

**Principle 8: Business should promote inclusive growth and equitable development**

The principle identifies the challenges of the social and economic development that are faced by the country and enhances the national and development agenda according to the government policies and priorities. This is significant in zones that are affected by social disharmony and low human development. The principle mentioned the need for collaboration amongst businesses, government agencies and civil society in this development agenda. People impacted by CSR project, in around Manufacturing and other offices what is the development work done.

**Principle 9: Businesses should engage with and provide value to their consumers in a responsible manner.**

The principle is because the primary aim of a business entity is to supply goods and services to its consumers that are safe to use, creating value for both. It recognizes consumers having freedom of choice for the usage of goods and services, and the enterprises strive to provide the products that are safe, competitively priced, easy to use and safe to dispose of, for the benefit of their consumers. The businesses play a significant role with other relevant stakeholders, in mitigating the adverse effects from excessive consumption of its products that have

overall well-being of individuals and society. Net Promoter Score (NPS) survey methodology adopted by the companies to know how the perception of its customers, every two years or each year.

In summary all above principles align with basic sustainable way of life, defined many years ago for existence.

**Growth** = increasing your materialistic possessions - turnover

**Progress** = Growth + Ethics, honesty, norms

**Success** = Humanity, Morality & Spirituality (it includes Stability, Happiness & Peace within)  
Reference - Pramukh Swami.

This peace within and happiness along with stability will only come if management and leadership is aligned to above 9 Principles which are guiding frameworks to create business

which are great and last too, by evolving as per the ever-changing customer needs in these disruptive times. An opportunity for Indian business owners to align fast and create Global Brands which bring pride to Nation. "The Kohinoor's of the nation ". In that journey above 9 principles will be like a compass giving direction all the time. ■

*\*Mr. Shakti Leekha has over two decades of leadership experience in starting & growing operations with various global fortune 500 companies like Philips, Johnson Controls, ABB, UTC & Bajaj Group (BEL). He currently serves as an Independent Director on the board of Allied Digital Services. He is also an author of an Amazon Best Seller Book- "Reimagine High Value Sales". Expert in B2B selling and marketing be Complex sales & SaaS modelling.*

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