



## Improving Business Responsibility and Sustainability Reporting by Indian listed entities

November, 2024

Sonali Gokhale (Prayas (Energy) Group)

Back in 2021, the Securities and Exchange Board of India (SEBI) introduced mandatory disclosures in the Business Responsibility and Sustainability Reporting (BRSR) format by the top 1000 listed entities (by market capitalization). This was part of a larger move by the Indian capital markets regulator towards incorporating fundamentals of the Environmental, Social, and Governance (ESG) philosophy of encouraging businesses to consider their social and environmental impact through disclosures. We have studied the data pertaining to energy consumption and Green House Gas (GHG) emissions published by the top 150 listed entities in their BRSR documents. This article attempts to highlight some areas which need clarity in regulations as well as some regulatory interventions by SEBI. We hope these suggestions, once implemented shall result in improved quality of data accessibility, transparency, comparability and comprehensiveness for the benefit of multiple stakeholders.

### 1. Introduction and background:

Back in 2021, the Securities and Exchange Board of India (SEBI) introduced mandatory disclosures in the Business Responsibility and Sustainability Reporting (BRSR) format by the top 1000 listed entities (by market capitalization)<sup>1</sup>. This was part of a larger move by the Indian capital markets regulator towards incorporating fundamentals of the Environmental, Social, and Governance (ESG) philosophy of encouraging businesses to consider their social and environmental impact through disclosures. This is a valuable step towards creation of a wider and deeper societal impact-based culture influencing business strategy within organisations as well as decisions by investors. Further, the comprehensive data populated by entities under the BRSR format will form a strong backbone for critical work around the energy transition and overall climate change response by Indian regulators and industry stakeholders.

The BRSR format has disclosures spread across 9 principles covering the gamut of a business entity's activities from corporate governance, employee relations, environmental impact, stakeholder responsiveness, consumer protection, etc.<sup>2</sup> Each principle has myriad essential indicators (mandatory to disclose) and leadership indicators (voluntary to disclose). Principle 6 titled 'Businesses should respect and make efforts to protect and restore the environment', as

<sup>1</sup> <https://www.sebi.gov.in/legal/regulations/jul-2022/securities-and-exchange-board-of-india-listing-obligations-and-disclosure-requirements-regulations-2015-last-amended-on-july-25-2022-61405.html>

<sup>2</sup> [https://www.sebi.gov.in/sebi\\_data/commndocs/jul-2023/Annexure\\_II-Updated-BRSR\\_p.PDF](https://www.sebi.gov.in/sebi_data/commndocs/jul-2023/Annexure_II-Updated-BRSR_p.PDF)

part of the essential indicators mandates quantitative data on energy consumption, water usage, water discharge, Green House Gas (GHG) emissions (Scope 1 and Scope 2), non-GHG emissions, and waste management.

Since, FY2024 (financial year ended March 31 2024) was the first year for the publication of the BRSR data for the top 150 listed companies (by market capitalization), we have conducted a study of Principle 6 disclosures of this cohort. Apart from the top 150 listed entities by market capitalization, we also included the top 20 companies each falling under the mid and small cap categorizations (as per the National Stock Exchange data) in our study cohort.

Our area of focus was the two essential indicators under Principle 6, mainly, 1. Details of total energy consumption (in Joules or multiples) and energy intensity and 7. Details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) & its intensity. The objective of our study was to understand the quality and accessibility of the data presentation, comparability of data within similar industries and across different industries, reporting and assurance boundaries, etc.

As per our assessment, there is a fair attempt by most listed entities to comply with the SEBI stipulation of BRSR disclosures. This article attempts to highlight some areas which need clarity in regulations as well as some improvement in data presentation by the listed entities. We hope these suggestions, once implemented shall result in improved quality of data accessibility, transparency, comparability and comprehensiveness for the benefit of multiple stakeholders.

We find that regulatory clarity on existing regulations is a much-needed move for some areas listed below discussed in Part A. There are other areas which also beget regulatory intervention in the form of a change in regulations which is discussed in Part B.

## 2. Comments and suggestions:

### Part A:

#### 2.1. Regulatory Clarity needed for Principle 6, Essential Indicator 1:

Details of total energy consumption (in Joules or multiples) and energy intensity:

This essential indicator pertaining to total energy consumption is a critical input for understanding, planning for and implementing the energy transition for Indian industries. Specifically, regarding the point on electricity consumption from renewable and non-renewable sources, it is important for BRSR regulations to include the following caveats for disclosure:

- I. BRSR regulations should specify the definition of Renewable Energy electricity to be in accordance with such definitions as specified by the Ministry of New and Renewable Energy (MNRE) from time to time. This declaration may be included as footnote to the above table regarding total energy consumption details.

Today, there exist multiple models and sources for companies to purchase electricity from, including purchases from state owned electricity distribution companies

(DISCOMs), setting up inhouse captive electricity generating plants, bilateral purchase agreements with electricity generators, purchase of electricity through Open Access mode through power exchanges, etc. For some sources of electricity purchase such as setting up inhouse captive electricity generating plants, bilateral purchase agreements with electricity generators, purchase of electricity through Open Access mode through power exchanges from Green Market, it is fairly simple to measure and report how much electricity was from renewable sources and non-renewable sources. However, in case of the electricity purchased from DISCOMs, this becomes harder as DISCOMs source electricity from myriad electricity generators using both renewable and non-renewable sources. Hence, green classification for electricity purchased from a DISCOM could be considered same as Renewable Purchase Obligation (RPO) complied with by DISCOM for the most recent financial year.

2.2. Information pertaining to Energy Saving Certificates (ESCerts) to be added to Principle 6, Essential Indicator 2, pertaining to the Perform, Achieve and Trade (PAT) Scheme:

In order to improve transparency around entities' compliance and achievement (if applicable) under the PAT Scheme of the Government of India, it would be helpful if information relating to the purchase and sale of Energy Saving Certificates (ESCerts) in a given financial year could be added to this point.

2.3. Units of measurement need standardisation as well as need abbreviations to be expanded in the BRSR reports:

We observe that in most BRSR disclosures in the sample studied by us, companies have used many different abbreviations for units of measurement for electricity consumption, (GJ, KJ, kWh, TJ) as well as Green House Gas (GHG) emissions (MMTCO<sub>2e</sub>, MTCO<sub>2e</sub>, tCO<sub>2</sub>, tonnes, kgCO<sub>2</sub>, MTCO<sub>2</sub>). These abbreviations are not expanded in nearly all the disclosures studied by us. This makes comparability of the data very difficult. Further for energy intensity and emissions intensity parameters pertaining to per rupee of turnover, the units of measurement for the numerator and denominator are either not clearly mentioned (leading to ambiguity) or are applied in a non-standard manner (some using rupees crore as denominator, some as whole turnover in absolute rupees) across companies. As is evident, this lack of standardization is a serious hindrance to comparability of data of companies in the same sector as well as those across different sectors. It also makes for non-transparent disclosures. In order to remedy the same, we recommend BRSR regulations to specify a single unit of measurement for energy consumption and GHG/Non-GHG emissions.

Part B:

2.4. Regulatory Intervention for expanding BRSR reporting boundary for diversified conglomerate business groups:

Out of the 190 companies in our sample, 131 companies (~70% of the sample set) have prepared BRSR on standalone basis, i.e. the BRSR reporting boundaries of most

companies is standalone. This may lead to inadequate capture of the essence of the ESG related impacts of diversified conglomerate groups. Also, under the current disclosure regime, unlisted entities (which do not need to submit BRSR as of today but may be contributing heavily to the main revenue stream of the business group as well as having a large ESG impact) consolidated into the listed entity (for which BRSR is mandatory) may also be missed out if the listed entity chooses to disclose the BRSR on standalone basis. While, some diversified groups while reporting BRSR on standalone basis, have clarified that for Principle 6 disclosures they have included operating plants data as well on voluntary basis, we are of the opinion that this issue needs regulatory intervention. It would be a step in the right direction if SEBI were to mandate that from FY26 onwards the reporting boundary for BRSR be mandatorily stipulated as consolidated basis.

#### 2.5. Need for centralized empanelment and standard setting for BRSR assurance providers:

In the extant SEBI regulations for BRSR Core, (a subset of the BRSR with 9 Key Performance Indicators (KPIs)), 'assurance' is not defined separately in the regulations though 'reasonable assurance' for the 9 KPIs for BRSR Core is mandatory for the top 1000 listed entities by market capitalization (albeit with a stage wise glide path).

The BRSR Core regulations place the responsibility and onus of ensuring that the assurance provider of the BRSR Core has the necessary expertise, for undertaking reasonable assurance, on the Board of each individual listed entity. It would be of great value to stakeholders if a centralized database of accredited and capable assurance providers was created for companies under the BRSR purview.

Especially, for Principle 6 which involves quantifiable data pertaining to energy usage, water usage, emissions data (GHG and Non GHG) and waste management, we believe that such centralized empanelment of assurance providers is important to ensure transparency and credibility of the data. In the case of the energy usage indicator, the necessary expertise already exists in the form of energy auditors empanelled with the Bureau of Energy Efficiency (BEE)<sup>3</sup>. Further, BEE is expected to empanel Accredited Carbon Verification Agencies (ACVs) in the near future<sup>4</sup>. SEBI, in coordination with BEE can refer such empanelled list of energy auditors and ACVs for energy consumption and GHG related emissions data for BRSR. Similarly, we urge the SEBI to publish a list of similar established experts in the area of water, emissions and waste related data measurement and verification in consultation with the Central Pollution Control Board (CPCB) under the Ministry of Environment, Forest and Climate Change (MOEFCC) for data disclosed under Principle 6.

#### 2.6. Climate resilience indicators merit inclusion in the BRSR disclosures:

Along with the existing data in the BRSR format, given the reality of climate change that is upon us, it is important for companies to disclose any adverse or unexpected disruption to their business due climate related events. For e.g., events such as plant closures due to floods, earthquakes, excessive rainfall, landslides, etc. It would be

---

<sup>3</sup> <https://beeindia.gov.in/en/energy-auditors>

<sup>4</sup> [https://beeindia.gov.in/sites/default/files/Draft\\_ACV\\_Procedure\\_29.09.2023.pdf](https://beeindia.gov.in/sites/default/files/Draft_ACV_Procedure_29.09.2023.pdf)

important for companies to report in more quantitative detail as to how many days or weeks of disruption in their operations was experienced, steps taken by the company to avoid a repeating of such disruption (if any), experiences with insurance coverage for such events, pertaining to cost, admission of claims, payouts, etc. This information would be invaluable to multiple stakeholders, at the forefront being investors and regulators.

### 3. Conclusion:

The above suggestions are intended towards making the BRSR disclosures which are already designed for transparency and comprehensiveness; sharper and more robust for the all-around benefit for multiple stakeholders such as investors, regulators, lenders, as well as policymakers. We hope the spirit of the BRSR disclosures, excerpted from the first SEBI circular from May 2021 on this issue, that 'such disclosures will be helpful for investors to make better investment decisions. The BRSR shall also enable companies to engage more meaningfully with their stakeholders, by encouraging them to look beyond financials and towards social and environmental impacts', is bettered through the inclusion of our suggestions above.

The author extends special acknowledgement to Rohit Patwardhan for his support through data collation and iterative data cataloguing which led to useful research insights.

The author thanks her colleagues Sreekumar Nhalur, Ashok Sreenivas and Shantanu Dixit for their valuable inputs and review of this document.




Comments and suggestions on the article are welcome and can be addressed to [energy@prayaspune.org](mailto:energy@prayaspune.org)

*This article is part of an ongoing series called Power Perspectives which provides brief commentaries and analyses of important developments in the Indian power sector, in various states and at the national level.*

*The portal with all the articles can be accessed here: <https://energy.prayaspune.org/power-perspectives>.*

#### Contact us:

Prayas (Energy Group)  
Unit III A & B, Devgiri,  
Kothrud Industrial Area,  
Joshi Railway Museum  
Lane, Kothrud,  
Pune 411 038 Maharashtra

 020 – 2542 0720  
 [energy@prayaspune.org](mailto:energy@prayaspune.org)  
 <https://energy.prayaspune.org/>

