

WIDE CIRCULATION DRAFT

BUREAU OF INDIAN STANDARDS
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**Sustainability Reporting and Disclosure Requirements —
Part 9 — Stakeholders Engagement**

ICS 03.100.02

Social Responsibility Committee, MSD 10	Sectional	Last Date for receipt of Comments is December 2024
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Foreword

This Indian Standard was adopted by the Bureau of Indian Standards, after the draft finalized by the Social Responsibility Sectional Committee had been approved by the Management and Systems Division Council. This standard specifies the requirements for Sustainability Reporting and Disclosures.

This standard provides requirements on various aspects of Sustainability Reporting, especially covering topics concerned with the title of the standard. This is the first time such standards have been attempted by any organization in the country.

This standard (Part 9) is a part of IS ____ under the general title ‘Sustainability Reporting and Disclosure Requirement’. Other parts in this series are:

Part 1	Glossary and acronyms
Part 2	General requirements
Part 3	General disclosures
Part 4	Climate change and pollution
Part 5	Water and marine resources
Part 6	Biodiversity and ecosystems
Part 7	Resource use and circular economy
Part 8	Own workforce
Part 10	Worker in the value chain
Part 11	Affected communities
Part 12	Consumers and end-users
Part 13	Business conduct
Part 14	Governance and internal controls

Part 15 Performance indicators and impact assessment for SDGs

The Bureau of Indian Standards (BIS) with the sole directive to formulate National Standards to assess and certify products, systems and services in the country, undertook the responsibility to devise Indian Standard on ‘Sustainability Reporting and Disclosures’. BIS further realized the need to make criteria based standards for Sustainability Reporting and Disclosures, which will act as strengthened framework for organizations to report their disclosures on ESG across environment, social and governance issues.

The composition of the Committee responsible for the formulation of this standard is given in Annex

Introduction

Introduction given in Part 1 of this standard shall apply (IS _____ (Part 1) : XXXX – Sustainability Reporting and Disclosure Requirement - Glossary and acronyms).

Draft Indian Standard
Sustainability Reporting and Disclosure Requirements —
Part 9 — Stakeholders Engagement

1 Scope

The standard specifies the disclosure requirements for their stakeholders' engagement strategy, with an overall objective to ensure that it has an effective mechanism for identifying and categorizing stakeholders, assessing their interests, and establishing effective channels of communication for stakeholder engagement. This document will enable users of the sustainability statement/disclosure to understand the organization's material impacts on its stakeholder engagement.

This document applies to all organizations of all types and sizes regardless of their sectors of activities.

NOTES:

- 1) Regardless of requirements given in this standard, the organizations shall also comply the disclosures requirements given by the regulator.
- 2) For any dispute arising out of the declarations made by an organization, the provisions of the regulations and the decision of the regulator shall be final.
- 3) This document is complementary and interoperable with existing voluntary and regulatory frameworks.

2 Normative references

There are no normative references in this document.

3 Terms and definitions

The terms and definitions given in Part 1 of this standard (IS XXXX (Part 1):2024 – Sustainability reporting and disclosure requirements – Glossary and acronyms) shall apply.

4 Organization

4.1 The organization shall describe its approach to engaging with stakeholders, including:

- i) the categories of stakeholders it engages with, and how they are identified
- ii) the purpose of the stakeholder engagement
- iii) how the organization seeks to ensure meaningful engagement with stakeholders.

4.2 The organization shall commence stakeholder engagement at the earliest stage and sustain this engagement throughout the organization's life cycle, including significant developmental phases. The organization shall:

- i) ensure that the extent and duration of engagement will align with the nature, scale, and potential risks and impacts associated with the organization's operations and strategies.
- ii) ensure that stakeholder engagement will be conducted in a manner that ensures safety, transparency and easy accessibility for stakeholders.

- iii) commit to refrain from any form of coercion, intimidation, manipulation, force, or reprisals against stakeholders during the engagement process.

4.3 The organization shall disclose how the interests and views of its stakeholders are taken into account by the organization's long-term strategy and business model.

4.4 Documentation of Stakeholder Engagement

The organization will maintain a well-documented record of stakeholder engagement. This record will encompass details such as the identification of stakeholders, a summary of feedback received, and an explanation of how the feedback influenced decision-making or the reasons for non-incorporation.

5 Impacts, risks and opportunities

The organization shall describe its policies that address the management of its material impacts on stakeholder engagement, as well as associated material risks and opportunities. The organization shall disclose its general process for engaging with its stakeholders and about its actual and potential material impacts on stakeholder engagement. The processes shall provide for remediation of negative impacts, as well as channels available for stakeholder to raise concerns.

The approach to mitigate material risks and pursuing material opportunities and effectiveness of organization's actions shall be disclosed.

The organization shall further disclose the time bound and outcome oriented targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities.

6 Key performance indicators (KPIs)

6.1 The organizations shall report annually on the Key Performance Indicators (KPI).

The organization shall identify stakeholder by:

- i) Stakeholder's influence - Based on the influence on organization and organization's policies:
 - Policy Makers and Regulators
 - Board Members
 - Investors
 - Client organizations
 - Independent Audit Firms
 - Professional Associations, Networks, International Organizations & Academia
 - NGOs & Civil Society Organizations, communities
- ii) Stakeholder's dependence – Based on the dependence of organization for its operations:
 - Employees & their families
 - Small Shareholders
 - Customers
 - Suppliers
 - Consultants

6.2 The organization shall engage the stakeholders as listed below:

- i) Engagement Approach – The approach of the organization to engage the stakeholders
- ii) Interaction Frequency – The organization shall decide the frequency of engagement and interaction with stakeholders
- iii) Representative Stakeholders – Stakeholders, their authorized representative and their agents can be engaged by organization
- iv) Sample issues of Integration – The organization shall decide what is to discuss during engagement process.
- v) Types of Response – The organization shall envisage types of response they are likely to get from stakeholders during engagement and act accordingly.

Notes:

1. Annexes A and B give the detailed formulae for calculation of KPIs as per SEBI's BRSR Core and its format respectively, which may be followed in case of declaration as per requirements of format of BRSR Core.
2. Disclosure as per Annex II – Section C (Principle 1, disclosure 9 of essential indicators and Principle 4) of BRSR Core is applicable to this part and hence is addressed in Annex B.

6.3 The organization shall declare the following with respect to transaction from stakeholders (trading houses/ dealers/ distributors):

- i) Purchases from trading houses as % of total purchases

$$\% \text{ of Purchase from registered trading houses} = \frac{\text{Purchases from registered trading houses}}{\text{total purchases}} \times 100$$
- ii) Number of trading houses where purchases are made from
- iii) Purchases from top 10 trading houses as % of total purchases from trading houses

$$\% \text{ of Purchases from top 10 trading houses} = \frac{\text{Purchases from top 10 trading houses}}{\text{total purchases}} \times 100$$
- iv) Sales to dealers / distributors as % of total sales

$$\% \text{ to Sales /distributors} = \frac{\text{Sales to dealers / distributors}}{\text{total sales}} \times 100$$
- v) Number of dealers / distributors to whom sales are made
- vi) Sales to top 10 dealers / distributors as % of total sales to dealers / distributors

$$\% \text{ to Sales to top 10 dealers / distributors} = \frac{\text{Sales to top 10 dealers / distributors}}{\text{total sales}} \times 100$$
- vii) Share of RPTs (related party transactions) (as respective % age) in -
 - Purchases
 - Sales
 - Loans & advances
 - Investments

7 Disclosures

7.1 The breadth and depth of stakeholders engagement is based on the following:

- Information exchange
- Information disclosure
- Consultative engagement
- Participatory engagement
- Negotiation and partnership

The organization shall form an understanding of how stakeholders' interests and views inform the organization's strategy and business model. The organization shall disclose the following, with respect to stakeholder's engagement:

- a) its stakeholder engagement, including:
 - i) Methodology for identification and selection of key stakeholders of the organization;
 - ii) Detailed reporting on stakeholder consultation frequency categorized by type and stakeholder group, like whether engagement with them occurs and for which categories of stakeholders and how it is organized;
 - iii) Description of information derived from stakeholder consultations & its purpose;
 - iv) Utilization of information obtained from SE, like how its outcome is taken into account by the organization;
- b) the organization's understanding of the interests and views of its key stakeholders as they relate to its strategy and business model, to the extent that these were analyzed during the organization's due diligence process and/or materiality assessment process
- c) where applicable, amendments to its strategy and/or business model, including:
 - i) how the organization has amended or expects to amend its strategy and/or
 - ii) business model to address the interests and views of its stakeholders;
 - iii) any further steps that are being planned and in what timeline; and
 - iv) whether these steps are likely to improve the relationship with and views of stakeholders; and
- d) whether and how the administrative, management and supervisory bodies are informed about the views and interests of affected stakeholders concerning the organization's sustainability-related impacts.

The organization may have a stakeholders' relationship committee. The committee should be mandated to ensure all the above and accordingly, it is recommended that the scope of that committee should include the above.

7.2 General disclosures

The organization shall disclose how its strategy and business model play a role in taking action on significant material impacts on its stakeholders. The organization shall disclose if the views on the

materially of its stakeholders have been taken into consideration while deciding its strategy and business model.

The organization shall disclose the information regarding its operational significant actual and potential negative impacts on its own workforce (permanent employees and non-permanent employees).

7.3 Material impacts, risks and opportunities

The organization shall identify the significant actual and potential negative impacts on stakeholders, and then disclose material impacts of activities. The stakeholders must be engaged for human rights' due diligence process.

The organization shall report the vulnerability and risk to stakeholders from potential negative impacts and how the stakeholders may be impacted from the point of view of risk to people and not risk to organization.

The organization shall disclose its approaches and actions to mitigate material risks and pursuing material opportunities related to stakeholders and effectiveness of those approaches and actions.

The organization shall also understand processes, initiatives or engagements through which it works to prevent, mitigate and remediate the negative material impact and seek to achieve positive material impacts for stakeholder's engagement. The organization shall further declare how it tracks and assess the effectiveness of its actions, programmes and investments for intended outcomes for stakeholders.

7.4 Disclosure on targets

The organization shall disclose the time-bound and outcome oriented targets related to managerial material negative impacts, advancing positive impacts and managing impacts, risks and opportunities.

The process for setting the targets, how these targets affect the stakeholders, and how the organization engages with the stakeholders and their representatives shall be disclosed for:

- i) setting the targets
- ii) tracking the organization's performance against targets
- iii) improvements identification as a result of performance

ANNEX A
(Clause 6.2)

Key Performance Indicators (KPIs)

The KPIs under own workforce ESG attributes as per BRSR core (Annex I) for reporting and disclosure by organizations are as follows:

Sl. No.	Attribute	Parameter	Measurement	Data & Assurance Approach
1	Open-ness of business	Concentration of purchases & sales done with trading houses, dealers, and related parties Loans and advances & investments with related parties	<ul style="list-style-type: none"> • Purchases from trading houses as % of total purchases • Number of trading houses where purchases are made from • Purchases from top 10 trading houses as % of total purchases from trading houses • Sales to dealers / distributors as % of total sales • Number of dealers / distributors to whom sales are made • Sales to top 10 dealers / distributors as % of total sales to dealers / distributors 	<ol style="list-style-type: none"> 1. RPT audited by Financial Auditors (Refer Financial Audit Report) 2. Financial statements / invoices
			Share of RPTs (related party transactions) (as respective %age) in <ul style="list-style-type: none"> - Purchases - Sales - Loans & advances - Investments 	

ANNEX B
(Clause 6.2)

Format for new KPIs as per BRSR core as per Principle 1 and Principle 4 of NGRBC are as follows:

Principle 1 - Businesses should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent and Accountable.

Open-ness of business

Provide details of concentration of purchases and sales with trading houses, dealers, and related parties along-with loans and advances & investments, with related parties, in the following format

Parameter	Metrics	FY ____ (Current Financial Year)	FY ____ (Previous Financial Year)
Concentration of Purchases	a) Purchases from trading houses as % of total purchases		
	b) Number of trading houses where purchases are made from		
	c) Purchases from top 10 trading houses as % of total purchases from trading houses		
Concentration of Sales	a) Sales to dealers/ distributors as % of total sales		
	b) Number of dealers / distributors to whom sales are made		
	c) Sales to top 10 dealers/ distributors as % of total sales to dealers / distributors		
Share of RPTs in	a) Purchases (Purchases with related parties / Total Purchases)		
	b) Sales (Sales to related parties / Total Sales)		
	c) Loans & advances (Loans & advances given to related parties / Total loans & advances)		
	d) Investments (Investments in related parties/Total Investments made)		

Principle 4 - Businesses should respect the interests of and be responsive to all its stakeholders

Essential Indicators				
<p>1. Describe the processes for identifying key stakeholder groups of the entity.</p> <p>2. List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group.</p>				
Stakeholder Group	Whether identified as Vulnerable & Marginalized Group (Yes/No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community, Meetings, Notice Board, Website), Other	Frequency of engagement (Annually/ Half yearly/ Quarterly/ others – please specify	Purpose and scope of engagement including key topics and concerns raised during such engagement
Leadership Indicators				
<p>1. Provide the processes for consultation between stakeholders and the Board on economic, environmental, and social topics or if consultation is delegated, how is feedback from such consultations provided to the Board.</p> <p>2. Whether stakeholder consultation is used to support the identification and management of environmental, and social topics (Yes / No). If so, provide details of instances as to how the inputs received from stakeholders on these topics were incorporated into policies and activities of the entity.</p> <p>3. Provide details of instances of engagement with, and actions taken to, address the concerns of vulnerable/ marginalized stakeholder groups.</p>				