

**WIDE CIRCULATION DRAFT**

**BUREAU OF INDIAN STANDARDS**  
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**Sustainability Reporting and Disclosure Requirements —  
Part 14 – Governance and Internal Control**

**ICS 03.100.02**

<b>Social Responsibility Committee, MSD 10</b>	<b>Sectional</b>	<b>Last Date for receipt of Comments is December 2024</b>
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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 14) 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 9	Stakeholders engagements
Part 10	Worker in the value chain
Part 11	Affected communities
Part 12	Consumers and end-users
Part 13	Business conduct
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 14 – Governance and Internal Control**

## **1 Scope**

This document sets out disclosures for organizations governance, structural, compositional, roles and responsibilities and operational requirements that apply to all organizations of all types and sizes regardless of their sectors of activities and location. This document provides guidance to organizations to provide information about their reporting practices, activities and workers.

### **NOTES:**

- 1) Regardless of requirements given in this standard, the organizations shall also comply the disclosures requirements given by the regulator.
- 2) 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 and context of the ESG disclosure**

### **4.1 General**

The organization shall be a legal entity and shall determine the area of its operation along with the following details. The area of its operation may contain number of locations where plants/offices of the organization are situated:

- i) Name of the organization along with its legal status
- ii) Year of incorporation
- iii) Registered office and corporate address
- iv) Name and contact details (Email, Telephone/Mobile of the contact person)
- v) Reporting boundary – whether the disclosures are as per this document or any other framework
- vi) Name of assurance provider
- vii) Type of assurance obtained

### **4.2 Leadership**

**4.2.1** The organization shall describe its governance structure, including top management, and its selection process. In case the top management includes more than one member, the list of all the members of top management that are responsible for decision-making and overseeing organization's impact on economy, environment and people. The details related to composition of top management shall include:

- i) executive and non-executive member,

- ii) tenure of the member,
- iii) number of significant positions held by each member and the nature of his commitments,
- iv) gender,
- v) any under-represented social group,
- vi) competencies relevant to the impact of the organization,
- vii) stakeholder's representation,
- viii) in case the top management include more than one member, how the leadership position is selected,
- ix) how conflict of interest is prevented and mitigated in case the leadership position is also top/senior executive in the organization, and
- x) measures taken to enhance the collective knowledge, skill and experience of top management.

**4.2.2** The organization shall describe the roles and responsibilities of leadership and of senior executives (if both are separate) in developing, approving, and updating organization purpose, mission and vision statements, strategies, policies and goals related to sustainable development.

The organization shall describe how the top management oversees its due diligence and other processes to identify and manage its impacts on economy, environment and people. The top management shall also review effectiveness of its actions taken related to disclosures on sustainability information.

**4.2.3** The organization shall describe and evaluate how the top management manages its impact on economy, environment and people, either by delegating responsibilities to any senior executive or to other employees for management of impacts. The organization shall further describe the process and frequency to report on the performance of the top management for management of its impacts on economy, environment and people.

**4.2.4** The top management shall review and approve the reported information for organization material topic and describe the process of reviewing and approving the information.

## **5 Compliance of laws and regulations**

The organization shall strive to comply all the relevant laws and regulations applicable to its business activities and foster a culture within the organization to follow legal and statutory requirements.

The organization shall:

- i) Report the total number of significant instances of non-compliance with laws and regulations during the reporting period, and a breakdown of this total by:
  - Instances for which fines were incurred
  - Instances for which non-monetary sanctions were incurred
- ii) Report the total number and the monetary value of fines for instances of non-compliance with laws and regulations that were paid during the reporting period, and a breakdown of this total by:
  - Fines for instances of non-compliance with laws and regulations that occurred in the current reporting period;
  - Fines for instances of non-compliance with laws and regulations that occurred in previous reporting periods
- iii) Describe the significant instances of non-compliance

Describe how it has determined significant instances of non-compliances.

## **6 Operations**

### **6.1.1 General**

The organization shall disclose its business model(s) and value chain, including:

- i) the organization's activities, products, services, and markets served
- ii) the organization's supply chain (upstream and downstream)
- iii) the entities downstream from the organization and their activities

in order to provide understanding of its exposure to impacts, risks and opportunities.

### **6.1.2 Products/services**

The organization shall declare the sectors and other details of business activities which constitutes major portion of its turnover. Details of products/services sold by organization shall be maintained and specifically declared, if required.

The organization shall also declare other business relationships, if any. It includes relationship that the organization has with entities that are not described as of its major business activities.

### **6.1.3 Market served and customers**

The organization shall declare the details of its markets being served by it and shall declare the contribution of exports, if any, in total turnover.

The organization shall provide information on the types and groups of customers targeted by its products and services.

### **6.1.4 Holding subsidiaries /associated companies**

The organization shall declare the information about its holdings/subsidiaries/ associated companies/joint ventures and affiliates, including its interest in these holdings/subsidiaries/ associated companies/joint ventures and affiliates.

## **6.2 CSR Details**

The organization shall, in accordance with relevant laws and regulations, declare its turnover and net worth in monetary terms, if CSR is applicable to it.

## **6.3 ESG Communication**

Communicating ESG significantly influence organizations strategic success. The organization shall involve all stakeholders, both internally and externally, in all key-ESG issues and decisions.

The organization shall report on strategies and objectives of ESG and how ESG risks and opportunities assessment can raise awareness.

The organization shall report ESG statistics, ESG performance, goals, initiatives, and progress. Such reports may be in the form of dashboards, key performance indicators (KPIs), and other data visualization.

## **6.4 Data and decision**

The organization shall identify, manage, monitor and communicate the nature and extent of its use of data. The top management should use data as a strategic resource to organization's decision-making process.

The top management should use data to make appropriately informed decisions. The decisions internal to the organization within top management shall rely on the data. The decisions across the organization shall be based on the trusted information with the relevant authority and responsibility and shall depend on the nature of the data. The decision external to the organization shall use data as a resource.

The organization shall establish a formal approach to management of its data, establish governance policies that aligns with its needs and requirements. The organization shall communicate the nature and extent of its use of data for decision-making purposes.

## **7 Impact**

**7.1** Impact is the positive and negative change in and outcome as a result of an organization's decisions, execution and the consequences of those decisions. Impacts can also be actual or potential, short-term or long-term, intended or unintended, and reversible or irreversible. The impact can be an effect an organization has or could have on the economy, environment and community as a result of organization's activity or business relationships. The impact shows the organization's contribution to sustainable development.

The organization's activities and business relationships have impact on economy, environment and community. The impact is on local, national or international economic development; on environmental system of air, land, water and ecosystem; and on communities within and around it, including those in value chain, its customers and other stakeholders.

### **7.2 Impact assessment**

The organization shall identify its positive and/or negative impacts on economy, environment and communities. The organization shall strive to reduce or mitigate negative impacts and pursue material opportunities arising from positive impacts.

### **7.3 Processes to remediate negative impact**

The organization shall describe its actions to reduce or nullify negative impacts that the organization has identified. The mechanism to identify such actions or processes used in the reduction or remediation of negative impacts. The effectiveness of such actions and processes shall also be described.

### **7.4 Mechanism for grievance**

The organization shall describe its approach to identify and address the grievances and how the intended users are informed about the grievance mechanism and remediation processes. The number and types of grievances filed during reporting period, the percentage of grievances that were addressed and dissolved and lessons learnt from grievance redressal shall be declared.

## **8 Risk Management**

Identifying risks and opportunities and its impact within ESG is fundamental to organization. Managing risks and opportunities based approach to ESG supports effective execution of planning in long term.

The organization shall consider impact and dependencies on the external and internal context of the organizational risk framework and consider and including stakeholders the organizational purpose, the organizational values, and intended strategic outcomes in management of risk.

The organization shall identify issue material to its business conduct and indicate if such an issue is a risk or an opportunity for the ESG impact. In case of risk, the organization shall report what action or approach has been adopted by it to adapt or mitigate the potential risk.

## **9 Materiality**

**9.1** Materiality is the concept that misstatements, individually or aggregated, could influence the reliability of the declared sustainability information and hence decisions made by the intended users.

The organizations report on the impacts its activities and policies have. They report on the most significant impacts their activities have on economy, environment and society, including human rights. This significance is materiality.

The organization shall continuously identify and assess impacts that are material to it. This may involve engagement with relevant stakeholders and experts. Such material impacts are reported in sustainability information.

**9.2 Double Materiality** – Impact materiality and financial materiality are inter-dependent and inter-related. These two dimensions of materiality is known as double materiality.

While assessing impact materiality, organizations should evaluate if such an impact materiality is also financially material. Impacts, risks and opportunities identified under double materiality shall be reported in organization's sustainability information.

## **9.3 Stakeholders**

The organization shall identify the stakeholders that are affected or could be affected by the organization's activities. It is important that stakeholder identification and engagement be carried out in relation to the interest that could actually or potentially be the basis for a claim

## **9.4 Stakeholder identification**

Stakeholder identification shall ensure that those identified as having interests are representatives and credible advocates for the interests being pursued. The stakeholders may include communities, investors, shareholders, employees and workers, shareholders, customers, supplier, trade unions and vulnerable groups, etc.

## **9.5 Stakeholder engagement**

The organization shall describe its approach to engaging with stakeholders, including, the categories of stakeholders it engages with, and how they are identified, the purpose of the stakeholder engagement, and how the organization seeks to ensure meaningful engagement with stakeholders.

In order to ensure meaningful engagement with stakeholders, the organization shall also manage the stakeholders.

## **9.6 Employees**



The organization shall identify and disclose all employees and workers working with it. The employees and workers shall be segregated region and gender wise, also if they are permanent or other than permanent employees and workers.

Turnover rate of permanent employees and permanent workers, gender wise, shall be disclosed. Such a data shall be available for previous years also.

### **9.6.1 Differently abled employees and workers**

The organization shall disclose differently abled employees and workers, both males and females, permanent and other than permanent.

### **9.6.2 Representation of women**

The organization shall disclose the total number of women employees in key management posts and in Board of Directors/ Governing Board.

## **10 Key Performance Indicators (KPIs) framework**

### **10.1 General**

Each of the E, S and G of ESG have separate set of indicators which have been built for an overall ESG measurement framework.

The organization shall identify Key Performance Indicators (KPIs) to understand and report on their status, set goals, make informed decision, attract investment, manage risks, engage their staff and their stakeholders, and drive positive change within and outside their organization in line with ESG Principles.

### **10.2 Rationale**

The identification and reporting on the KPIs is of utmost importance in disclosure of ESG and sustainability information. The organization shall identify KPIs on the basis of following:

- i) Quantifiable and reportable – The organization shall identify KPI data in format which can be quantified and reported
- ii) Decision-making and planning – The KPI should help the organization to identify the areas where they can improve sustainability social equity and governance practices.
- iii) Stakeholder engagement and management – The KPI should help the organizations to engage stakeholders in collaborative efforts to address shared ESG priorities.
- iv) Propelling growth and investment- The KPI should be data driven and may showcase the commitment of an organization to sustainable development which can lead to increased investment, economic growth, and job creation
- v) Risk and opportunity – The KPI should help the organization to identify and manage risks and opportunities associated with ESG factors.

### **10.3 Key Performance Indicators (KPIs)**

The organization shall report following Key Performance Indicators (KPIs) with respect to governance and internal controls:

- i) business activities covered under the organization's business continuity plan
- ii) number of data breaches of customer privacy resulting in losses of customer data

percentage of data breaches of customer privacy =  $\frac{\text{number of data breaches which resulted in losses of customer data}}{\text{total number of data breaches}} \times 100$

iii) **percentage of employees found in violation of the organization's code of conduct**  
percentage of employees found in violation of the organization's code of conduct =  $\frac{\text{number of employees found in violation of the organization's code of conduct}}{\text{total number of employees}} \times 100$

iv) **total occupational injury and illness rate (per 100 employees) according to local laws and regulations**

$$\text{percentage of occupational injury and illness rate} = \frac{\text{number of occupational injury and illness}}{\text{total number of injury and illness}} \times 100$$

- v) **number of cases involving bribery/corruption-related penalties or termination**
- vi) **cyber security training provided to employees**
- vii) **incidents of non-compliance with regulatory requirements**

NOTE – Disclosure as per Annex II – Section B of BRSR Core is applicable to this part and hence is addressed in Annex A.



