

WIDE CIRCULATION DRAFT

BUREAU OF INDIAN STANDARDS
(DRAFT FOR COMMENTS ONLY)

(Not to be reproduced without permission of BIS or used standard)

Assurance Engagement Standard -
Part 3 : Competence of Individual, Firms and Reporting Entities for Conducting
Assurance Engagements - Requirements
(First Revision)

ICS 03.100.01

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

Foreword

This Indian Standard (Part 3) 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 (Part 3) is a part of IS 26002 series of standards under the general title 'Assurance Engagement'. Other parts in this series are:

- | | |
|--------|---|
| Part 1 | Conducting Assurance Engagements for all matters other than statutory financial information – Requirement |
| Part 2 | Conducting Assurance Engagements for all matters other than Statutory Financial Information — Guidance |

Annex A defines the subject topics and related subject matters pertaining to assurance engagements. Annex B details eligibility criteria for individuals to qualify as auditors. The composition of the Committee responsible for the formulation of this standard is given in Annex C.

INTRODUCTION

The task of providing an assurance service has to be done wholeheartedly, sincerely and earnestly with consideration of appropriate due diligence, by persons who have the actual competence on the subject matter. It is therefore imperative that professionals who are in possession of appropriate educational qualification, technical understanding, knowledge, expertise and skill-set conduct such engagements.

The emanating pressure from various peers and relevant stakeholders in conjunction with relevant business and regulatory requirements have been encouraging organizations in India to periodically disclose various non-financial based information such as, water acidification, ground water recharged, health & safety matters, green-house gas emitted, matters specific to sustainability/green bonds, environmental pollution burden, environmental or social externalities, social benefits to communities, environmental-social-governance , medical negligence cases, cyber security, non-financial compliances, etc. In Indian context, organizations are capturing information of such non-financial subject matters and reporting on the same in alignment with the requirements of various Global and National standards, such as Global Reporting Initiative, United Nation's Global Compact, UN's Sustainable Development Goals, Department of Public Enterprise's Sustainability and CSR Guidelines, SEBI's Business Reporting and Sustainability Reporting (BRSR) framework, National Guidelines on Responsible Business Conduct (NGRBCs), Integrated Reports as per IIRC (International Integrated Reporting Council) framework, CSR performance as per CSR Rules, etc.

A lot of such advanced level non-financial, with an emphasis on science-based information facilitates in decision making, primarily for the customers, communities, investors and regulators, apart from other relevant stakeholders. In order to instill confidence in the mind of such specific stakeholders, organizations these days are seeking a third-party opinion for such reported performance. These have in turn resulted in the surge of assurance/audit services of non-financial performance, which are currently being conducted by various firms in India on the basis of various international assurance based standards, inclusive of the standards released by International Organization for Standardization (ISO), such as ISO 14064 (Greenhouse gas series) , ISO 14046 (Environmental Management - water footprint series), ISO 14016 (Environmental Management — Guidelines on the Assurance of Environmental Reports), etc.

These days, in order to be able to take informed decisions, progressive customers, investors, regulators and other interested stakeholders lay a lot of emphasis on non-financial performance that are reported by organizations to understand and get a grasp of the organization's ability to sustain as a business entity. Such interested stakeholders therefore put a high level of reliance and emphasis on internal and or external audit opinions issued, on the basis of an appropriate assurance standard for subject matters and information that are of specific relevance to them. These assurance standards will provide consistency and uniformity for conducting non-financial based assurance engagements by appropriate professionals/firms.

In this standard various competency requirements for individuals, firms and reporting entities have been described and the criteria for empanelment of as auditors have been defined. In this standard the following verbal forms are used:

- “Shall” indicates a requirement;
- “Should” indicates a recommendation;
- “May” indicates a permission;
- “Can” indicates a possibility or capability.

Indian Standard

**ASSURANCE ENGAGEMENT —
PART 3 — COMPETENCE OF INDIVIDUAL, FIRMS AND REPORTING
ENTITIES FOR CONDUCTING ASSURANCE ENGAGEMENTS -
REQUIREMENTS**

1 SCOPE

This standard provides competency requirements for individuals, firms and reporting entities for the purpose of conducting internal and /or external assurance engagements as per IS 26002 (Part 1).

2 NORMATIVE REFERENCES

The following standard contains provision, which through reference in this text constitutes provision of this standard. At the time of publication, the editions indicated were valid. All standards are subject to revision and parties to agreements based on this standard are encouraged to investigate the possibility of applying the most recent edition of the standard indicated below:

<i>IS No.</i>	<i>Title</i>
IS 26001: 2024	Corporate Social Responsibility – Requirements
IS 26002 (Part 1): 2025	Assurance engagement standard — Part 1 - Conducting assurance engagements for all matters other than statutory financial information — Requirements
IS 26002 (Part 2): 2025	Assurance engagement standard — Part 2 - Conducting assurance engagements for all matters other than statutory financial information — Guidance

3 TERMS AND DEFINITIONS

For the purpose of this standard, the terms and definitions as given in IS 26002 (Part 1) shall apply.

4 SUBJECT TOPIC AND SUBJECT MATTER

4.1 A reporting entity reports qualitative and quantitative performance of various Subject Matters. The different kind of key Subject Matters, across respective Subject Topic are given in **Annex A** of this standard. To be able to conduct an assessment, estimation, evaluation, monitoring and review of the reported qualitative and quantitative performance of the Subject Matter, it may require specific type of basic educational qualification, knowledge, skill-set,

competence and professional expertise. Depending on the primary qualification that would be required for audit of Subject Matter and its related information, two select categories have been identified and delineated in **Annex A**, which are as follows:

- a) **Category 1 - General Sustainability (GS)** based Subject Matters, whereby, all auditors are eligible to conduct audit; and
- b) **Category 2 - Specialized Sustainability (SS)** based Subject Matters, whereby, auditors with specific basic educational qualification, expertise and competence are eligible to conduct audits.

4.2 While, the Subject Matters specific to General Sustainability may not require the application of science, the subject matter specific to Specialized Sustainability may often require the application of core subject matters of science/engineering in the audit of the Subject Matter and its information. Further, in some cases, there may arise the need for expertise in subject matters relevant to medical science, information technology, etc. For the audit of such subject matters relevant to medical science, information technology, etc., Subject Matter Expert(s) (SME) shall be engaged, depending on the requirements specific to an assurance engagement.

5 COMPETENCE REQUIREMENTS OF INDIVIDUAL(S) INTENDING TO QUALIFY AS AUDITOR(S)

5.1 General Competence Requirements

An individual intending to qualify as an auditor for audit of Subject Matter and its information shall have:

- a) Competence to conduct basic level due diligence about the reporting entity, by collecting information that are sufficient to understand how the Subject Matter and its information could be of relevance to the reporting entity.
- b) Knowledge of legal requirements that may have a connotation with the Subject Matter and the information that is being audited.
- c) Knowledge to determine whether the reporting entity has identified its past, current and potential risks and opportunities; and the methods/techniques that have been applied for identification and assessment of the significance of the risks and opportunities of the Subject Matter that its information, with special emphasis on matters that are of material importance to the reporting entity.
- d) Knowledge of the processes, procedures and the relevant documentations and management information systems that could be developed and applied for implementation, monitoring, evaluation and communication of the Subject Matter and the its information.

5.2 Subject Matter Specific Technical Competence Requirements

An individual intending to qualify as an auditor, for audit of Subject Matter and its information shall have:

- a) Good understanding of the requirements specified in all the three parts of IS 26002 and comply with their requirements.

- b) Knowledge of various site/individual/project related factors that may have an effect on the subject matter and its information. Such factors could be attributed to various matters arising from environmental, social, information technology, medical science, developmental/corporate social responsibility or other business activities.
- c) Technical understanding of the various national/international frameworks/Technical References and the various methods and techniques that are applied for estimating and evaluating the qualitative and quantitative contents and performance of the Subject Matter and its information.
- d) The appropriate educational qualification and technical knowledge, supported by adequate skills, expertise and competence gained through experience during the professional journey of an individual. These set of requirements have been mentioned in **Annex B** for respective type of auditors.

6 COMPETENCE REQUIREMENTS OF AN AUDITING FIRM AND REPORTING ENTITY

6.1 A firm is authorized to conduct both internal and external assurance engagements; and a reporting entity is authorized to conduct only internal assurance engagements.

6.2 A firm or reporting entity intending to conduct an internal and/ or external assurance engagement shall be in possession of the following requirements.

Key Requirements	Firm	Reporting Entity
a) Registration/incorporation certificate with mention of the date of incorporation, the details of its address and contact co-ordinates	Applicable	Applicable
b) Engagement of Lead Assurance Practitioner who is qualified to issue an assurance report on the relevant categories (Category 1 and or 2) of Subject Matter	Engagement of at least one Lead External Assurance Practitioner (LEAP)	Engagement of at least one Lead Internal Assurance Practitioner (LIAP)
c) Documentation and implementation of a Quality Control System (QCS) as per the requirements specified in IS 26002 (Part 1)	Applicable	Applicable

6.3 In addition to the above, the competent authority may request for additional information, if felt necessary.

7 REQUIREMENT OF ATTENDING LEAD AUDITORS TRAINING PROGRAM (LATP) FOR INDIVIDUAL(S) INTENDING TO QUALIFY AS AUDITOR(S)

7.1 All individual applicants, except a few professionals (having adequate experience in the subject matter) shall have to undertake Lead Auditor's Training Program (LATP) for qualifying as an auditor for conducting audit of respective category (Category 1 and or 2) of Subject Matter and its information. **Annex B** prescribes the eligibility requirements for an individual to become eligible as an auditor for conducting assurance engagements as per IS 26002 (Part 1). The following provides a broad overview of the eligibility requirements.

7.1.1 Eligibility criteria to qualify as a LEAP without LATP

Experienced individuals, who have an appropriate educational qualification, substantial knowledge and expertise in sustainability, corporate social responsibility and allied subject matter and services and have already conducted sufficient assurance engagements/ audits, issued a sizeable number of assurance/ audit reports and are already in possession of sufficient knowledge and experience, in the respective two categories of subject matters (*as prescribed in Annex B*) are exempted from attending the LATP.

7.1.2 Eligibility criteria to qualify as a LEAP and/ or LIAP with LATP

Individuals who do not fall under the purview of Clause 7.1, shall attend LATP and meet the other eligibility requirements, as mentioned in Annex B.

7.2 For an individual, who has qualified as an auditor for conducting audit of ‘General Sustainability’ and or ‘Specialized Sustainability’ based projects; and intends to act as an authorized auditor for IS 26001 – The Indian CSR Standard (Requirements), such an individual shall also have to attend a LATP specific to IS 26001.

Note: Any individual who is a member of the drafting committee of IS 26001/ IS 26002 standards is exempted from attending such a LATP.

Annex A – The Subject Topics and its Related Subject Matter
(based on select Information /Performance Reported by Reporting Entities)
(Clause 4.1)

Category 1: General Sustainability (GS) based Subject Topics and Subject Matters, for which all Auditors are Eligible to Conduct Audit (see note)

Subject Topic	Category 1: General Sustainability (GS) Subject Matters ^{Note 1}
Stakeholder Engagement & Consultation (SEC) and Social Capitalization	<ul style="list-style-type: none"> • Understanding and application of key and prominent national/international frameworks relevant to SEC & Social Capitalization. • Broad understanding of the processes and procedures applied for: <ul style="list-style-type: none"> ✓ Identification of stakeholders, with an emphasis on stakeholders impacted or who could impact the operations of a reporting entity; ✓ Methodology to engage and consult with various targeted stakeholders and beneficiaries to identify their justified concerns and expectations and the risks and opportunities and implications on the reporting entity; ✓ Assessment of the baseline of the quantitative and qualitative performance; setting up of scientifically analyzed SMART (specific-measurable-achievable-recordable-timebound) targets; ✓ Measures and strategies taken to eliminate, reduce and control the risks and impacts; and accordingly improve the performance to the expectations of the targeted stakeholders; ✓ Improving the relationships with key stakeholders, with a focus on social capitalization and the trust and willingness to build, strengthen and protect the brand and reputation of the reporting entity and its social license to operate; ✓ Assessment of implementation, monitoring, evaluation and reporting of the concerns and expectations identified, with a focus on the outcomes achieved vis a vis planned outcomes, the lessons learnt, the Social Returns on Investment, etc.; • Any other subject matter that is relevant to the adjacent subject topic for this category.
Human Rights	<ul style="list-style-type: none"> • Understanding and application of key and prominent national/international frameworks relevant to human rights. • Broad understanding of the processes and procedures applied for: <ul style="list-style-type: none"> ✓ Human rights reviews or impact assessments, such as operations that have been subjected to human rights review; ✓ Employee training on human rights policies or procedures; significant investment agreements and contracts that include human rights clauses or that underwent human rights screening; etc. ✓ Child labor and forced/compulsory related matters; ✓ Supplier’s right to freedom of association and collective bargaining that may be at risk, etc. ✓ Rights of indigenous peoples; impacts identified; remedial actions taken; cases of violations reported, etc. • Any other subject matter that is relevant to the adjacent subject topic for this category.
Customer Rights	<ul style="list-style-type: none"> • Understanding and application of key and prominent national/international frameworks relevant to customer rights of a reporting entity. • Broad understanding of the processes and procedures applied for: <ul style="list-style-type: none"> ✓ Non-compliance related to environmental, health, safety and social impacts of the products and services of the reporting entities; ✓ Ethical and responsible selling, marketing, storage, disposal of waste products; marketing and labeling of shelf life; incidences of non-compliance; penalties imposed, customer recall, etc.; ✓ Eco or green or sustainability labeling; producer claims about environmental attributes of their product; ✓ Breaches of customer privacy and losses of customer data. Monitoring, evaluation and reporting of health and safety related matters of the products and services of a reporting entity; ✓ Assessment of the risks to the brand/image of a reporting entity on account of health, safety and social related risks emerging from the products and services of the reporting entity that are material its customers, and the impacts it could have on them and on the reporting entity; ✓ Measures and strategies taken to curb and minimize such risks, inclusive of the cost involved in mitigating such risks, the outcomes followed by estimation, assessment, monitoring, evaluation and reporting of outcomes and impacts emanating from such matters;

Subject Topic	Category 1: General Sustainability (GS) Subject Matters ^{Note 1}
	<ul style="list-style-type: none"> ✓ The external certifications that the products and services are subjected to. • Any other subject matter that is relevant to the adjacent subject topic for this category.
Business Integrity	<ul style="list-style-type: none"> • Understanding and application of key and prominent national/international frameworks relevant to customer rights of a reporting entity. • Broad understanding of the processes and procedures applied for: <ul style="list-style-type: none"> ✓ Defining organization's values, principles, standards, norms of behavior; internal and external mechanisms, such as, seeking advice about ethical and lawful behavior; organizational integrity; reporting concerns about unethical or unlawful behavior; organizational integrity, etc. ✓ Identifying risks arising from matters related to corruption, lack of business ethics and integrity, lack of competitive behavior; legal actions for anti-competitive behavior, anti-trust and monopoly practices; and the impacts these matters have on the reporting entity, ✓ Information related to communication and training about anti-corruption policies and procedures; confirmed incidents of corruption and actions taken; outcomes of actions taken, etc. ✓ Measures and strategies taken to curb and minimize such risks, followed by estimation, assessment, monitoring, evaluation and reporting of outcomes and impacts emanating from such business integrity matters. • Any other subject matter that is relevant to the adjacent subject topic for this category.
Occupational Health and Safety (OHS)	<ul style="list-style-type: none"> • Understanding and application of key and prominent national/international frameworks relevant to OHS. • Broad understanding of the processes and procedures applied for: <ul style="list-style-type: none"> ✓ Workers representation in formal joint management; types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities; workers with high incidence or high risk of diseases related to their occupation and nature of risks; health and safety topics covered in formal agreements with trade unions; etc. ✓ Organization's purpose, value or mission statements, strategies, policies and goals related to OHS topics; evaluating the governance body's performance and role in identifying and managing OHS issues and their impacts, risks, and opportunities – including its role in the implementation of due diligence processes; reviewing the effectiveness of the organization's risk management processes for OHS topics, etc. ✓ The OHS criteria applied for screening of suppliers; risks and opportunities that the suppliers create on the business; measures identified to mitigate the risks identified; actions taken to capitalize on the opportunities; the actions implemented, the outcomes; etc. ✓ Hazards and risks emanating from the business activities/operations related to occupational health and safety (OHS); OHS risk and hazard assessment and analysis; scientific analysis of improving the business activities to reduce the impact and improve the OHS performance; identification of measures to eliminate, reduce and control impacts; assessment of implementation and evaluation of the process and procedures; ✓ Understanding and application of national and global frameworks which are relevant to such a subject topic. • Any other subject matter that is relevant to the adjacent subject topic for this category.
Human Capital	<ul style="list-style-type: none"> • Understanding and application of key and prominent national/international frameworks relevant to human capital of a reporting entity. • Broad understanding of the processes and procedures applied for: <ul style="list-style-type: none"> ✓ Strength of employees, nature of employment, total number of employees by employment contract (permanent and temporary), by gender, percentage and nature of the organization's activities which are performed by workers who are not employees, etc.; ✓ Employment benefit provided to employees; etc. ✓ Training that the organization's employees have undertaken or proposed, such as hours of training; nature of training; security personnel trained in human rights policies or procedures; outcome of trainings, programs for upgrading employee skills and transition assistance programs; etc. ✓ People's competencies, capabilities and experience, and their motivations to innovate, including their alignment with and support for an organization's governance framework, risk management approach, and ethical values; ability to understand, develop and implement an organization's strategy; and loyalties and motivations for improving processes, goods and services, including their ability to lead, manage and collaborate; etc. ✓ Procurement from local, regional and other suppliers; procurement policy; etc. ✓ Gender equality; Diversity of governance bodies and employees; ratio of basic salary and remuneration of women to men; etc.

Subject Topic	Category 1: General Sustainability (GS) Subject Matters ^{Note 1}
	<ul style="list-style-type: none"> ✓ Labor/Management Relations; Freedom of Association and Collective Bargaining; minimum notice periods regarding operational changes, etc.; operations in which the right to freedom of association and collective bargaining may be at risk, etc. ✓ Incidents of discrimination, working conditions and corrective actions taken; the outcomes; etc. ✓ Assessment of the risks to the reporting entity on account of human capital matters, followed by assessment of measures and strategies taken to curb and minimize such risks, inclusive of the cost involved in mitigating such risks, the outcomes followed by estimation, assessment, monitoring, evaluation and reporting of outcomes and impacts emanating from such matters; <ul style="list-style-type: none"> • Any other subject matter that is relevant to the adjacent subject topic for this category.
Global Concerns	<ul style="list-style-type: none"> • Understanding and application of key and prominent national/international frameworks relevant to global matters and the implications on a reporting entity. • Broad understanding of the processes and procedures applied for: <ul style="list-style-type: none"> ✓ Identification of the global concerns, such as pandemic or geo-political conflicts/instability in some parts of the world, or environmental concerns, health disparities and income inequality, food insecurity, lack of access to quality education, navigating regional regulations, privacy of information , etc. elsewhere in the globe or in the host country that could have a direct bearing and impact on the reporting entity’s ability to produce the goods and services in a particular nation; ✓ Estimation and assessment oof the impacts on the sustenance of the reporting entity and its financial stability and overall sustenance; ✓ Identification of risks arising from such aforementioned matters, measures and strategies taken to curb and minimize such risks, followed by estimation, assessment, monitoring, evaluation and reporting of outcomes and impacts emanating from such global concerns for averting such risks. <ul style="list-style-type: none"> • Any other subject matter that is relevant to the adjacent subject topic for this category.
Intellectual capital	<ul style="list-style-type: none"> • Understanding and application of key and prominent national/international frameworks relevant to intellectual capital earned by a reporting entity. • Broad understanding of the processes and procedures applied for: <ul style="list-style-type: none"> ✓ Information pertaining to organizational, knowledge-based intangibles, including, intellectual property, such as patents, copyrights, software, rights and licenses; “organizational capital” such as tacit knowledge, systems, procedures and protocols; etc. ✓ Identification of risks arising from such aforementioned matters, measures and strategies taken to curb and minimize such risks, followed by estimation, assessment, monitoring, evaluation and reporting of outcomes and impacts emanating from such intellectual capitals. <ul style="list-style-type: none"> • Any other subject matter that is relevant to the adjacent subject topic for this category.
Donations	<ul style="list-style-type: none"> • Understanding and application of key and prominent national/international frameworks relevant to donations made by a reporting entity, which do not find its coverage under any legal requirement. • Broad understanding of the processes and procedures applied for: <ul style="list-style-type: none"> ✓ Political contributions made directly and indirectly, employee benefit, etc. ✓ Identification of risks arising from such aforementioned matters, measures and strategies taken to curb and minimize such risks, followed by estimation, assessment, monitoring, evaluation and reporting of outcomes and impacts emanating from such donations made. <ul style="list-style-type: none"> • Any other subject matter that is relevant to the adjacent subject topic for this category.
Developmental & Corporate Social Responsibility (CSR)	<ul style="list-style-type: none"> • Understanding and application of key and prominent national/international frameworks relevant to developmental/CSR. • Broad understanding of the processes and procedures applied for: <ul style="list-style-type: none"> ✓ Methodology of identification of developmental/CSR projects and implementing agencies; stakeholder engagement and consultation; material issues and objectives identified; ✓ Analysis of the baseline and targets to be achieved; developmental action plans chalked out; the programs implemented; ✓ Risks and opportunities identified; the actual and potential positive and adverse impacts of the projects; measures taken to mitigate the risks; ✓ The cost of mitigation of the risks; the programs implemented; ✓ Assessment of actual and potential positive and negative impacts on targeted beneficiaries; ✓ Assessment of the developmental action plans chalked out and the programs implemented; the outcomes achieved vis a vis planned outcomes; ✓ Detailed understanding of Social Returns on Investment; Social Impact Investment; the lessons learnt etc.

Subject Topic	Category 1: General Sustainability (GS) Subject Matters ^{Note 1}
	<ul style="list-style-type: none"> ✓ The monitoring, evaluation and reporting of the projects; • Any other subject matter that is relevant to the adjacent subject topic for this category.
Circular Economy	<ul style="list-style-type: none"> • Understanding and application of key and prominent national/international frameworks related to Circular Economy. • Broad understanding of the processes and procedures applied for the following: <ul style="list-style-type: none"> ✓ Concept of ‘waste of one industry becoming the raw material for another industry’ either as a by-product or recovered resource for another industrial process or as regenerative resources for nature; ✓ Reuse, sharing, repair, refurbishment, remanufacturing and recycling to create a closed-loop system, minimizing the use of resource inputs; maintenance and up-keeping of products, equipment and infrastructure in use for longer, thus improving the productivity of these resources; ✓ Business models that are closing, narrowing, slowing, intensifying and dematerializing loops, to minimize the resource inputs into and the waste and emission leakage out of the organizational system; recycling measures (closing), efficiency improvements (narrowing), use phase extensions (slowing), a more intense use phase (intensifying), substitution of products by service and software solutions (dematerializing); ✓ Strategies achieved through the purposeful design of material recovery processes and related circular supply chains; ✓ Systems-thinking approaches in designing solutions; regenerate or at least conserve nature and living systems; policies, taxes and market mechanisms that encourage product stewardship; • Any other subject matter that is relevant to the adjacent subject topic for this category.
Non-financial <i>(environment, health, safety and social)</i> based laws notified by the Govt. of India	<ul style="list-style-type: none"> • Understanding and application of the key legal requirements, obligations and responsibilities of various non-financial laws pertaining to environment, health, safety and social that have been notified by the Govt. of India that finds its applications in various non-financial matters of reporting entities. • Broad understanding of the processes and procedures applied for: <ul style="list-style-type: none"> ✓ Identification of specific risks for not being in compliance with the legal requirements and the associated impacts and implication on the reporting entity; ✓ Scientific analysis and measures carried out to eliminate, reduce and control the risks and impacts; ✓ Assessment of compliance with respect to implementation and evaluation of the legal requirements; • Any other subject matter that is relevant to the adjacent subject topic for this category.
Environmental, Social and Governance (ESG)	<ul style="list-style-type: none"> • Understanding and application of key and prominent national/international frameworks related to identification, estimation, assessment, monitoring, evaluation and reporting, of ESG based matters. • Broad understanding of the processes and procedures applied for the following: <ul style="list-style-type: none"> ✓ Relevance of reported subject matters to the sustenance of the organization, ✓ Governance structure of the organization - its composition, responsibility and decision-making pertaining to ESG matters. ✓ Identifying organization’s purpose, its value or mission statements, strategies, policies and goals related to ESG matters; review of statements of senior decision-maker (such as CEO, chair, or equivalent senior position); evaluation of the governing body’s ESG performance, ✓ Consultation between stakeholders and the highest governance body, the feedback mechanism, ✓ Identifying and managing ESG risks and material matters and opportunities and their effect/impact on the reporting entity; reviewing the effectiveness of the organization’s ESG risk management policy and framework; assessment of implementation and evaluation of the outcomes and impacts; ✓ Screening of suppliers based on their ESG performance. • Any other subject matter that is relevant to the adjacent subject topic for this category.
Climate Change and Green House Gas (GHG) Emissions	<ul style="list-style-type: none"> • Understanding and application of key and prominent national/international frameworks related to Climate Change and Green-House Gas (GHG) emissions. • Broad understanding of the processes and procedures applied for the following: <ul style="list-style-type: none"> ✓ Environmental sustainability, ecological balance, impact on food security due to climate change; protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water. ✓ Energy security; nature of energy consumption – renewable and non-renewable. • Any other subject matter that is relevant to the adjacent subject topic for this category.

Subject Topic	Category 1: General Sustainability (GS) Subject Matters ^{Note 1}
Green, Social, Sustainability Bonds	<ul style="list-style-type: none"> • Understanding and application of key and prominent national/international frameworks relevant to green, sustainability, social bonds. • Broad understanding of the processes and procedures applied for: <ul style="list-style-type: none"> ✓ Issuance of green, social and sustainability bonds; financing of investments that provide environmental and social benefits; ✓ Nature of the bond, the risks and impacts on the project or is likely to create; the method of managing and mitigating the risk; the outcomes of mitigating and managing such risks; • Any other subject matter that is relevant to the adjacent subject topic for this category.
Extended Producer Responsibility (EPR)	<ul style="list-style-type: none"> • Understanding and application of key and prominent national/international frameworks relevant to EPR. • Broad understanding of the processes and procedures applied for: <ul style="list-style-type: none"> ✓ Matters pertaining to product design and marketing; ✓ Responsible behavior in reducing toxicity and waste; reuse, buyback, or recycling programs; considering waste management costs into product price; promote innovation in recycling technology; Obligation of producers, importers and/or sellers to internalize waste management costs in their product prices and ensure safe handling of products; delegation of appropriate responsibilities to third parties (producer responsibility organization) for used-product management; ✓ Implementation of EPR the form of Mandatory, Negotiated and Voluntary; • Any other subject matter that is relevant to the adjacent subject topic for this category
Any other non-financial based performance	<p>Understanding and application of key and prominent national/international frameworks relevant to such stand-alone parameter; the targeted stakeholders; significant impacts on targeted stakeholders assessed and the reporting entity on account of the parameter; the programs identified; the action plans and projects implemented; the outcomes achieved vis a vis planned outcomes; the lessons learnt; etc.</p>

Note - Subject Matters, specific to the Subject Topic that requires basic educational qualification, knowledge, competence, skill-set, experience and application of core science/ engineering for the purpose of identification, assessment, estimation, analysis, monitoring and evaluation of the related qualitative and quantitative performance that is reported/informed by the reporting entity, shall not be covered in 'Category 1 - General Sustainability'

Category 2: Specialized Sustainability (SS) based Subject Matters, whereby, Auditors with Specific Educational Qualification, Skill-set, Expertise and Competence are Eligible to Conduct Audits

Subject Topic	Category 2: Specialized Sustainability (SS) Subject Matters ^{Note 2}
Environmental, Social and Governance (ESG)	<ul style="list-style-type: none"> • All Subject Matters that are prescribed in General Sustainability (GS). • Specific knowledge of advance science/ engineering that is required for assessment of specific Environmental based matters of the reporting entity, inclusive of the process and procedures applied for: <ul style="list-style-type: none"> ✓ Identification of specific environmental based risks and its impacts; ✓ Scientific analysis and measures carried out to eliminate, reduce and control the environmental impacts; assessment of implementation and evaluation of the same; ✓ Specific understanding of subject Matters that are relevant for identification, assessment, estimation, monitoring, evaluation and reporting of environmental parameters. • Any other Subject Matter that is relevant to the adjacent subject topic for this category.
Climate Change and Green House Gas (GHG) emissions	<ul style="list-style-type: none"> • All Subject Matters that are prescribed in General Sustainability (GS). • Specific knowledge of advance science/ engineering that is required for assessment of specific GHG based matters of the reporting entity, inclusive of the processes and procedures applied for the: <ul style="list-style-type: none"> ✓ Identification, estimation, assessment, monitoring, evaluation and reporting of Greenhouse Gas (GHG) emissions; ✓ Identification of specific risks posed by climate change that have the potential to generate substantive changes in operations, revenue, or expenditure, inclusive of implications of the risk or opportunity before action is taken ✓ Scientific analysis and strategies for identification of measures to eliminate, reduce and control the GHG emissions and its impacts; assessment of implementation and evaluation of the process and procedures applied for the same; ✓ Financial implications that are engaged in actions taken to manage the risk or opportunity; the outcomes; the challenges faced; lessons learnt; etc. ✓ Specific understanding and application of national and global frameworks that are relevant for estimation and evaluation of GHG parameters. • Any other subject matter that is relevant to the adjacent subject topic for this category.
Rural Watershed Management & Water Recharge	<ul style="list-style-type: none"> • Understanding and application of key and prominent national/international frameworks relevant to watershed management programs made by a reporting entity. • Specific knowledge of advance science/ engineering that is required for the following matters by a reporting entity for Rural Watershed Management & Water Recharge inclusive of the broad understanding of the processes and procedures applied for matters pertaining to various types of water recharge and management programs implemented in the urban and rural sectors; <ul style="list-style-type: none"> ✓ Methods applied in assessment of water recharge; the ground water recharged; the outcomes of the programs implemented; the challenges faced and lessons learnt; ✓ Water security; water recharged, with a focus on integrated water management projects; impacts on local community; supply and demand side water usage, etc. • Any other subject matter that is relevant to the adjacent subject topic for this category.

Subject Topic	Category 2: Specialized Sustainability (SS) Subject Matters ^{Note 2}
Environmental Performance, Discharges and Bio-Diversity	<ul style="list-style-type: none"> • Understanding and application of key and prominent national/international frameworks relevant to environmental performance, discharge, etc. made by a reporting entity. • Specific knowledge of advance science/ engineering that is required for the following matters by a reporting entity for Environmental Performance, Discharges and Bio-Diversity inclusive of the broad understanding of the processes and procedures applied for: <ul style="list-style-type: none"> ✓ Release of various forms of environmental pollutants and discharges in the form of emissions, effluents and wastes by quality and destination; type of treatment applied; recyclable, reusable and disposal methods applied; spills; hazardous wastes; water/land bodies affected by water discharges and/or runoff; etc. ✓ Materials made up of renewable or non-renewable products; quantity recycled, reused, reclaimed; efficiency in packaging, etc. ✓ Water - Water withdrawal by source; communities which are significantly affected by withdrawal of water; water recycled and reused; Positive water balance, water neutrality, etc. ✓ Bio-diversity – Threats to biodiversity; types and importance of bio-diversity; operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas; biodiversity value; significant impacts of activities, products, and services on biodiversity; habitats protected or restored; national and international conservation list of species with habitats in areas affected by operations, etc. ✓ Energy consumption; energy security; nature of energy consumption – renewable and non-renewable; the measures taken to reduce energy consumption; the outcomes; the challenges faced; lessons learnt; etc. ✓ Identification of risks arising from ineffective implementation of such aforementioned matters, measures and strategies taken to curb and minimize such risks, followed by estimation, assessment, monitoring, evaluation and reporting of outcomes and impacts emanating from such matters. • Any other subject matter that is relevant to the adjacent subject topic for this category.
Green, Social, Sustainability Bonds	<ul style="list-style-type: none"> • All Subject Matters that are prescribed in General Sustainability (GS); • Specific understanding of subject Matters that are relevant for identification, assessment, estimation, monitoring, evaluation and reporting of specific environmental science/engineering-based matters in the space of Green, and Sustainability bonds domain. • Any other subject matter that is relevant to the adjacent subject topic for this category.
Extended Producer Responsibility (EPR)	<ul style="list-style-type: none"> • All Subject Matters that are prescribed in General Sustainability (GS); • Specific understanding of subject Matters that are relevant for identification, assessment, estimation, monitoring, evaluation and reporting of specific environmental science/engineering-based matters in the space of Green, and Sustainability bonds domain. • Any other subject matter that is relevant to the adjacent subject topic for this category.
Developmental & Corporate Social Responsibility (CSR)	<ul style="list-style-type: none"> • All Subject Matters that are prescribed in General Sustainability (GS). • Specific knowledge of Subject Matters that require application of core science/engineering for estimation, assessment, monitoring, evaluation and reporting of Developmental/CSR based qualitative and quantitative performance. • Any other subject matter that is relevant to the adjacent subject topic for this category.
Any other non-financial based performance	<p>Understanding and application of key and prominent national/international frameworks relevant to such stand-alone parameter; the targeted stakeholders; significant impacts on targeted stakeholders assessed and the reporting entity on account of the parameter; the programs identified; the action plans and projects implemented; the outcomes achieved vis a vis planned outcomes; the lessons learnt; etc.</p>

Note : No such auditor who has not qualified for conducting assurance engagements pertaining to ‘Category 2 – Specialized Sustainability’, shall conduct any such specific assurance engagement – otherwise, an opinion issued by such an auditor shall be considered as null and void.

Annex B – Eligibility Criteria for Individuals to Qualify as Auditors (Clause 5.2 and 7.1)

Specific Requirements	Non-LATP based option	LATP based option			
	LEAP (Route 1)	LEAP (Route 2)	LIAP	Senior Auditor	Associate Auditor
1. Eligibility criteria to qualify as an auditor for audit of Subject Matter pertaining to Category 1: General Sustainability (GS)					
Educational Qualification	<p>In possession of successful completion of any of the following options, 1 or 2 or 3: (Minimum qualification criteria)</p> <ol style="list-style-type: none"> 1) Undergraduate/Bachelor’s Degree Qualification: Full-time/part-time Bachelor’s Degree course from any institute of any University that is recognized by the Govt. of India ‘OR’ Any other equivalent qualification that is recognized by the Govt. of India (GoI). 2) Post-Graduation Qualification: Full-time/part-time Master’s Degree from any University that is recognized by the Govt. of India ‘OR’ Post-Graduate Qualification that is recognized by the All-India Council for Technical Education, Govt. of India ‘OR’ Any other equivalent post-graduation qualification that is recognized by GoI. 3) Other Professional Qualifications: Chartered Accountancy from the Institute of Chartered Accountancy of India ‘OR’ Cost and Management Accountancy from the Institute of Cost and Management Accountants of India (ICMAI) ‘OR’ Company Secretary from the Institute of Company Secretary of India ‘OR’ Any other equivalent qualification that is recognized by an Act of the Parliament of the GoI. 				
Experience	<p>In possession of a minimum of 15 years of experience, as a <i>service provider* in providing advisory and assurance/audit service</i>, in the field of Sustainability and or CSR/Developmental projects and or allied subject matters.</p>	<p>In possession of qualification in any of the following options A & B:</p> <ul style="list-style-type: none"> • Option A: Has a minimum of 8 years of experience in the field of Sustainability and or Developmental/CSR projects and or allied subject matters, of which a minimum of 5 years of experience should be in <i>‘providing a mix of advisory and assurance/audit service, as a service provider*’</i>, in the field of Sustainability and or CSR/ Developmental projects and or allied subject matters. • Option B: Has a minimum of 10 years of experience in the field of Sustainability and or Developmental/ CSR projects and or allied subject matters, of which a minimum of 5 years of experience should be in <i>‘receipt of assurance/audit service, as an assurance/audit service receiver*’</i>, in the field of Sustainability and or CSR/ Developmental projects and or allied subject matters. 	<p>In possession of a minimum of 8 years of experience in any function/department of an organization that deals with Sustainability and or CSR/ Developmental projects and or allied subject matters.</p>	<p>In possession of a minimum of 3 years of experience in any function//department of an organization that deals with Sustainability and or CSR/Developmental projects and or allied matters.</p>	<p>In possession of upto 3 years of experience in any function of an organization that deals with Sustainability and or CSR/Developmental projects and or allied matters</p>
Expertise and Skill-set	<p>In possession of any of the following options I or II:</p> <ul style="list-style-type: none"> • Option I - Has signed off and issued a minimum of 10 (ten) numbers of dated 	<p>Successful completion of Lead Auditor’s Training Program (LATP) specific to Category 1: General Sustainability (GS) of this standard.</p> <p><i>The details of the LATP should be communicated by the competent authority at an appropriate time.</i></p>			

Specific Requirements	Non-LATP based option	LATP based option			
	LEAP (Route 1)	LEAP (Route 2)	LIAP	Senior Auditor	Associate Auditor
	<p>assurance/audit reports as the signing auditor, on performance indicators/information specific to General Sustainability and or allied subject matters as per national/ international recognized assurance standards, such as, IS 26002 (Part 1), ISAE 3000, AA 1000AS, etc.</p> <ul style="list-style-type: none"> Option II - Has an experience of leading a minimum of 15 (fifteen) audit/assurance engagements as the team leader (<i>which may or may not be in the role of the signing auditor</i>) on performance indicators/information specific to General Sustainability and or allied subject matters, as per any national/ international recognized assurance standard, such as, IS 26002 (Part 1), ISAE 3000, AA 1000AS, etc. 				
2. Eligibility criteria to qualify as an auditor for audit of Subject Matter pertaining to Category 2: ‘Specialized Sustainability’ (SS)					
Educational Qualification	<p>In possession of successful completion of any of the following options 1 or 2:</p> <ul style="list-style-type: none"> Option 1 - Undergraduate/ Bachelor’s Degree Qualification: Full-time/part-time Bachelor’s Degree course in B.Sc./ B.E./B.Tech. from any institute of any University that is recognized by the Govt. of India ‘OR’ Any other equivalent qualification that is recognized by the Govt. of India. Option 2 – Post-Graduation Qualification: Full-time/part-time Master’s Degree in M.Sc/ ME./M.Tech. from any University that is recognized by the Govt. of India ‘OR’ Post-Graduate Qualification in Management that is recognized by the All India Council for Technical Education, Govt. of India in subjects of Sustainability/ Environment/ Energy or equivalent subjects ‘OR’ any other equivalent post-graduation qualification that is recognized by the Govt. of India. 	<p>In possession of successful completion of any of the following options A or B:</p> <ul style="list-style-type: none"> Option A – Undergraduate/Bachelor’s Degree Qualification: Full-time/part-time Bachelor’s Degree course in B.Sc./B.E./B.Tech. from any institute of any University that is recognized by the Govt. of India ‘OR’ Any other equivalent qualification that is recognized by the Govt. of India. Option B – Post-Graduation Qualification: Full-time/part-time Master’s Degree in M.Sc./ME./M.Tech. from any University that is recognized by the Govt. of India ‘OR’ Post-Graduate Qualification in Management that is recognized by the All India Council for Technical Education, Govt. of India in subjects of Sustainability/Environment/Energy or equivalent subjects ‘OR’ Any other equivalent post-graduation qualification that is recognized by the Govt. of India. 			
Experience	Same criteria of experience as mentioned against ‘ Eligibility criteria to qualify as an auditor for audit of Subject Matter pertaining to Category 1 - General Sustainability (GS) ’				

Specific Requirements	Non-LATP based option	LATP based option			
	LEAP (Route 1)	LEAP (Route 2)	LIAP	Senior Auditor	Associate Auditor
Expertise and Skill-set	<p>In possession of any of the following options I or II:</p> <ul style="list-style-type: none"> • Option # I - Has signed off and issued a minimum of 10 (ten) numbers of assurance/audit reports as the signing auditor, on performance indicators /information specific to Specialized Sustainability (SS) and or allied subject matters, as per national/ international recognized assurance standards, such as, IS 26002 (Part 1), ISAE 3000, AA 1000AS, etc. • Option # II - Has an experience of leading a minimum of 15 (fifteen) audit/assurance engagements as the team leader (<i>which may or may not be in the role of the signing auditor</i>) on performance indicators/information specific Specialized Sustainability (SS) and or allied subject matters, as per national/ international recognized assurance standards, such as, IS 26002 (Part 1), ISAE 3000, AA 1000AS, etc. 	<p>Successful completion of Lead Auditor’s Training Program (LATP) specific to Category 2: Specialized Sustainability (SS) of this standard.</p> <p><i>The details of the LATP should be communicated by the competent authority at an appropriate time.</i></p>			

**in the table presented above, 'service provider' refers to the one providing the service in the role of an external advisor/consultant/auditor; and 'service receiver' refers to one who has been in receipt of a service from an external advisor/consultant/auditor*

ANNEX C
(Foreword)

Composition of Social Responsibility Sectional Committee, MSD 10

<i>Organization(S)</i>	<i>Representative(S)</i>
In personal capacity (CHAIRMAN, MSD 10) AROH Foundation, NOIDA	Dr. Bhaskar Chatterjee Dr. Neelam Gupta
Bharat Electronics Ltd., Sahibabad	Shri Rajeev Kumar
Cargill, New Delhi	Ms. Ekta Bhardwaj (<i>Alternative</i>) Ms. Dipanwita Chakraborty,
Cement Manufacturers' Association, New Delhi	Shri Ashwani Pahuja Dr. S.K. Saxena (<i>Alternate I</i>) Dr. Rachana Sharma (<i>Alternate II</i>)
Centre for Responsible Business, New Delhi	Dr. Bimal Arora Shri Rijit Sengupta (<i>Alternate</i>)
Charities Aid Foundation India, New Delhi	Ms. Meenakshi Batra
Coca Cola India, Gurgaon	Shri Avijeet Kumar (<i>Alternate</i>)
Deloitte Touche Tohmatsu India LLP	Shri Ishteyaque Ahmed Ms Shubha Sekhar (<i>Alternate</i>) Shri Sumit Makhija
Department of Commerce, Ministry of Commerce and Industry, New Delhi	Shri Saurabh Khosla (<i>Alternate</i>) Ms. Jyoti Yadav
Department of Consumer Affairs, Ministry of CA, F and PD, New Delhi	Ms. Tanu Singh (<i>Alternate</i>) Shri Dharmesh Makwana
Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, New Delhi	Shri A K Pandey (<i>Alternate</i>) Shri Zakaria Khan Yusufzai Shri Binod Kumar (<i>Alternate</i>)
Directorate General of Factory Advice Service and Labour Institute (FASLI), New Delhi	Shri Sumit Roy Shri Kunal Sharma (<i>Alternate</i>)
Directorate General of Quality Assurance, New Delhi	Col. Sandeep Acharyya
FICCI, New Delhi	Shri P. Lokanath, SAO (<i>Alternate</i>) Ms. Rita Roy Choudhury Ms. Shruti (<i>Alternate</i>)
Hyderabad Business School GITAM, Hyderabad	Ms. Divya Kirti Gupta

Organization(S)***Representative(S)***

Indian Institute of Corporate Affairs,
(Ministry of Corporate Affairs), Manesar,
Haryana
Indian Oil Corporation Ltd., New Delhi

Shri Mukesh Kumar

Shri Bibhuti Pradhan

Infosys BPO Ltd., Bangalore
Institute of Chartered Accountants of India
Institute of Company Secretaries of India

Shri Rajeev Thykatt
CA. Pramod Jain
CS Mamta Binani,

L & T, Mumbai

Shri N.Sathyan
Shri P. Sathish (*Alternate*)
Shri Ankur Roy

Management Development
Institute, Gurgaon
Ministry of Corporate Affairs, New Delhi
Ministry of Labour, New Delhi
Ministry of Micro, Small and Medium
Enterprises, New Delhi
QCI, New Delhi

Shri K.M.S. Narayanan
Shri A.K. Samantaray
Shri Sanjeev Chawla
Shri Piyush Agarwal (*Alternate*)
Dr. Hari Prakash
Dr. S.K. Mishra (*Alternate*)
Shri Karnam Sekar

SBI, Mumbai

Steel Authority of India, Ranchi, Jharkhand
Tata Institute of Social Sciences

Shri Manoj Kumar
Prof. Rahul Sapkal

The Energy Research Institute (TERI), New
Delhi
Yes Bank, Mumbai

Dr. Annapurna Vancheswaran

Shri Shailesh Banta
Ms. Kriti Kuksal (*Alternate*)

Inspired4 Accounting and Advisory Services
LLP, New Delhi
In personal capacity, New Delhi
In personal capacity, New Delhi
In personal capacity, New Delhi
In personal capacity, New Delhi
BIS Directorate General

Shri Rajib Kumar Debnath

Ms Radhika Ralhan
Shri Sandeep Saxena
Shri Dinesh Agarwal,
Dr. Lalit Kumar
Mrs. Sneh Lata, Scientist 'F' and Head
(MSD) Representing Director General [*(Ex-*
officio)]

Member Secretary
Mrs. Shalu Varshney,
Scientist 'D' (Management and Systems), BIS

Composition of Panel for Extra-financial Assurance Standard, MSD 10/P-7

<i>Representative(s)</i>	<i>Organization(s)</i>
1. Shri Rajib Kumar Debnath (<i>Convener</i>)	Inspired4 Accounting and Advisory Services LLP, New Delhi
2. Dr. Bhaskar Chatterjee (Chairman, MSD 10)	In personal capacity, New Delhi
3. Ms Dipanwita Chakraborty	Cargill, New Delhi
4. Shri Rijit Sengupta	Centre for Responsible Business, New Delhi
5. Shri Sumit Makhija Shri Saurabh Khosla (<i>Alternative</i>)	Deloitte Touche Tohmatsu India LLP
6. Dr. Madhukar Gupta	Department of Public Enterprises, Ministry of Heavy Industries & Public Enterprises, New Delhi
7. Ms. Rita Roy Choudhury	FICCI, New Delhi
8. Ms Himani Kulshreshtha (<i>Alternative</i>) Dr Divya Kirti Gupta	GITAM University
9. Ms. Seema Choudhary	GIZ
10. Shri Mukesh Kumar	Indian Institute of Corporate Affairs, (Ministry of Corporate Affairs), Manesar
11. Shri Bibhuti Pradhan	Indian Oil Corporation Ltd., New Delhi
12. CA Sanjay Vasudeva, FCA	Institute of Chartered Accountant, New Delhi
13. Shri Santhosh Jayaram Shri Prathmesh Raichura (<i>Alternative</i>)	KPMG (Sustainability and CSR Advisory)
14. Dr Ankur Roy	Management Development Institute, Gurgaon
15. Shri U.S.P. Yasdav	MSCD, BIS, New Delhi
16. Dr. Annapurna Vancheswaran	TERI
17. Late Shri Kamal Singh	United Nations Global Compact Network India, New Delhi
18. Mr. Hemant Sabharwal	In personal capacity, New Delhi
19. Shri Dinesh Agarwal	In personal capacity, New Delhi