UN GLOBAL COMPACT
Network India

Training Programme on Business Responsibility and Sustainability Reporting for Suppliers of Large Companies

Acknowledgments

The booklet was prepared exclusively for UN Global Compact Network India (UN GCNI), by Skillocity Business Solutions Private Limited, based in New Delhi, India, a business solutions provider with expertise in ESG, Corporate finance, Business Transformation, Industries Performance Management Advisory, and Training.

This is developed by Learning & Development and ESG experts to build trainers' capability to educate the supply chain of larger corporations on Business Responsibility and Sustainability Reporting along with the focus on Business Integrity in the context of ESG.

Development of the contents of this manual benefited from the enthusiasm of and feedback from recent client members, subject matter experts, trainers, researchers, and global partners who participated in various training workshops implemented by Skillocity Business Solutions Private Limited, where the training activities described in this manual were field tested.

Disclaimer

Content: *The opinions expressed in this document do not necessarily reflect the policies of any National or Global authorized bodies but as per market-based studies.*

Case studies: *The case studies used in this booklet are intended solely for educational and training purposes. The information contained herein does not constitute sustainability, financial advice, or the provision of investment, legal, or other professional advice. The data contained in the contents is created for the participant's use to assist with the completion of the Training Programme on Business Responsibility and Sustainability Reporting for Suppliers of Large Companies and should not be used to perform industry data analysis for commercial purposes.*

No reliance may be placed on the information and opinions contained herein or their accuracy or completeness, and nothing contained herein may be relied upon in making any commercial decision.

This document is provided "as is". Skillocity Business Solutions Private Limited and its affiliates have no liability arising from the participant's use of this document.

TABLE OF CONTENTS PAGE NO.

SECTION 3 - BEFORE TRAINING PRE-ASSESSMENT & PRE-WORK

SECTION 4 - CASE STUDIES WITH QBD

SECTION 5 - ASSESSMENT

SECTION 6 - DURING THE TRAINING SESSIONS WITH INTERACTIVE LEARNING

SECTION 7 - AFTER THE TRAINING SESSIONS

ABOUT THE TRAINING BOOKLET

Welcome!

This tool guides participants about the approach of the training programs, preparation methods, and understanding of the concepts behind contents and outcomes which are created as per the United Nations Global Compact Network India (UN GCNI)'s commitment to providing a robust platform to MSMEs and integrating the new strategic ambition of the UN Global Compact by harnessing the collective actions and focusing on good governance (The G of ESG) through its approach to the ESG framework, initiative on ethics and compliance for MSMEs with a specific focus on educating the supply chain of larger corporations on ESG assessments.

The training booklet will help participants become trainers in the core concepts of enhancing the capacities of suppliers on BRSR and other vital areas of **environmental, social, and governance (ESG).** It focuses on the trainers' strategic priority and helps build capability, develop learning strategies, and sustain learning cultures.

Transforming Industry ESG Practitioners to Become Trainers
Enable subject matter experts to develop a comprehensive understanding of learning and delivery principles, theories, and industry-leading practices; acquire practical skills to design, develop, and deliver effective learning and development programs.
Foster a strategic mindset and the ability to align learning programs with the organization's ESG goals; develop proficiency in evaluating the effectiveness of learning and development initiatives.
Strategically work towards evolving the learning and development function for the supply chain, aligning it with the changing needs of the workforce and the business.

It has been developed for handling the Training of Trainers based on the contents of the Guide. It provides Guidelines and tools for all six modules to enhance the capacities of suppliers of Large Companies on Business Responsibility and Sustainability Reporting (BRSR) along with details of the Training approach.

It helps trainers prepare for their sessions, shows them how to structure the training, and gives pedagogical and didactical Guidelines for achieving the participant's learning objectives.

How The Booklet Can Help

The Training of Trainers Manual is developed to fill the gaps between ESG practitioners and trainers. It provides a comprehensive training program that can be used by 'master' level educators and trainers. Activities were developed based on experience in the domain expertise during training of trainers (ToT) training sessions, on evidence from the industrial training & development contents.

The manual uses participatory techniques based on a variety of theoretical frameworks and practices to ensure that future trainers of industry educators are skilled and confident in their abilities to train MSMEs and serve as informed resources for their peers.

It presents the concepts of each module that can be simplified to understand during the training sessions and sets out implementation approaches and methodologies for the group of trainers.

The Training Booklet provides comprehensive guidelines so that participants can prepare themselves before, during, and after training and complete tasks effectively.

This also helps to understand the approach to capacity building for the selected trainers who will deliver the training sessions to various industry stakeholders later.

The trainers will be empowered with the tools and information to prepare for the Training Programme efficiently and effectively. Having well-prepared audiences during the training is key for both implementation and outcomes.

Using this training manual helps inform the trainers about core training programs or changes in the ESG-BRSR framework along with the effects of corruption in sustainability.

ESG is very dynamic by its nature and bound to grow and change over time. Often these changes necessitate shifts in company policy. The last thing participants want is for changes to not be communicated to or understood by their sustainable team, disrupting ESG strategic implementations.

Proper using of the training manuals ensures that participants always learning and honing their skill set to be the most effective possible. While some veteran participants may think that they know everything there is to know, there is still an opportunity for them to learn as the training methodologies evolve with the VUCA (Volatility, Uncertainty, Complexity, and Ambiguity) world around them.

Prepare Trainers to Train MSMEs:

MSMEs are part of the top companies' value chains, and reporting on ESG is a matter of compliance and staying relevant. By providing targeted training to the supply chain, this booklet provides an overview of the program which aims to enhance transparency, accountability, and overall sustainability performance of the whole value chain.

Training on the BRSR Core: For larger companies, it is of utmost importance to ensure that the products and services they are procuring help them achieve their ESG ambitions necessary for regulators and investors. As a part of the large supply chain, MSMEs must respond to this to secure commercial opportunities.

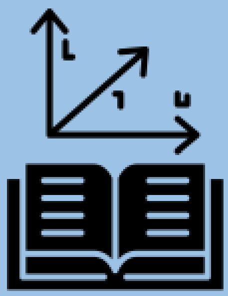
Large companies are under increasing pressure to ensure that their supply chains adhere to ethical, environmental, and social standards. In the aftermath of the Covid-19 pandemic, there has been a realization around the world of the need to make supply chains more resilient. One way to do this is to ensure that the benefits of sustainable practices percolate through the value chain.

Target Audience: The manual is aimed at experts who will train MSME industry colleagues from time to time, and be involved in the conceptualization and implementation of BRSR framework training, facilitation programs, measures, and future changes.

Learning Objectives: The manual equips trainers with a set of competencies and tools that allow them to:

- → Adult learning principles, implementation, and transferring knowledge to industry colleagues
- → Equip with the knowledge and skills to understand ESG Frameworks, the principles of business responsibility, sustainability reporting, and initiatives on Anti-corruption
- → Mapping of global reporting frameworks on sustainability, relevant stakeholders, and material ESG issues
- → Enable to identify, assess, and address sustainability issues within their supply chains
- → Develop a vision and strategy for sustainability improve management systems, and internal processes, and set goals, targets, and KPIs

Learning Objectives:



→ Disseminate knowledge and awareness about the current regulatory framework of sustainability reporting, analyze disclosures made by Indian companies, and discuss aspects of assurance and best practices adopted

→ Empower participants to implement effective reporting mechanisms to communicate sustainability performance

The Training approach empowers ESG Practitioners to pass on knowledge, skills, and practical expertise to their supply chains. This model also provides a system for continuous training and recognizes the commitment and excellence of corporate ESG practices.

Training of trainers provides the foundation of the initiative. Training occurs locally and often begins by introducing new information and skills necessary to conduct outreach to their supply chain community peers. The ultimate purpose of ongoing training and supervision is to improve the ability of trainers to provide accurate information and confidently positively influence their supply chain as per the BRSR framework as instructed by the Securities and Exchange Board of India (SEBI).

Training of trainers, the next step in the pyramid model, prepares future trainers of industry educators who exhibit skills and commitment to supply chain sensitization. These trainings provide more in-depth information about industry training techniques and theory along with BRSR Core. This manual provides a curriculum for this level of training. These trainings give even more in-depth information on relevant BRSR topics which are essential to upskill supply chains.

Specialized training, the top of the pyramid, is designed for more experienced trainers, or 'master trainers', to receive additional training in the same content areas as covered in the training of trainer's level and more attention to training techniques. These master trainers, in turn, support less experienced trainers and peer educators. They are encouraged to hold refresher training sessions to pass on new and pertinent information and skills.

Section 1

BEFORE THE TRAINING SESSIONS

What to do before the training sessions

Understand Training of Trainers (ToT) methodologies
Understand Adult Learning Principles
Leverage systems thinking to assess materiality across companies & Industries
Assessing ESG Performance with Systems Thinking
Prepare as per the Core Subject module overview & Anti-Corruption frameworks
Pre-assessment (Question on adult learning & ESG)
Pre-work (Go through study materials & make notes as and when necessary)
Go through the Case studies

Understanding the Training of Trainers Model

The Training of Trainers (ToT) model is intended to engage industry experts and master trainers in coaching industry members who are less experienced with a particular topic or skill, or with training overall. ToT training sessions build a pool of competent instructors who can teach the material to others. Under this model, new participants typically get to watch an experienced trainer teach, complete the exercises, and then practice teaching segments to other participants. The master trainer and trainer participants should use the professional development best practices and follow the training approaches and instructions.

Goals

The main goal of the ToT model is to prepare instructors to present information effectively, respond to participant questions, and lead activities that reinforce learning, which include ensuring that trainers can:

- Direct participants to supplementary resources and reference materials
- Lead effective and relevant discussions
- Listen effectively before giving responses
- Make accurate observations
- Help participants link the training to their relevant requirements

Trainer participants also learn the importance of maintaining eye contact, presenting a positive attitude, speaking clearly, gesturing appropriately, and keeping interest and dispelling confusion.

ToT Objectives:

Apply current practices in delivering training on a selected evidence-based program
Deliver proven facilitative skills to promote learner engagement, reflective practice, critical thinking, and skill acquisition.
Show mastery in delivering key training strategies commonly used; such as, brainstorming, processing/process checks, roleplays, and practice sessions.
Use appropriate levels of intervention when managing difficult training situations, including disruptive learner behaviours.
Initiate a personal plan of action to strengthen their training and facilitation skills.

ToT Components

When designing a ToT, it is necessary to allow enough time to ensure the effective transfer of learning. Consider the type and number of topics when determining how much time a training session needs, and include the following elements:

- **Pre-assessment**
- **Pre-work**
- **Trainer and participant agenda**
- **Facilitation manual**
- **Platform skills and topic to be delivered**
- **Adult learning principles**
- **Skill practice and feedback**
- **Action planning**
- **Planned follow-up support**

Eligibility for Participation in a ToT

To be effective in achieving intended outcomes, prospective ToT participants must be highly qualified, seasoned trainers who have demonstrated the following:

- **Training and facilitation skills and engagement of adult learners**
- **Success in the field and champions for the topic area**
- **Completion of the entire training sessions**
- **Ability to deliver the training when needed**

The objective is to prepare instructors to present information effectively, respond to participant questions, and lead activities that reinforce learning.

For the current training programs, it is expected that the candidates who have hands-on experience in areas related to corporate governance, sustainability reporting, ethics, compliance, supply chain risk management, and relevant topics.

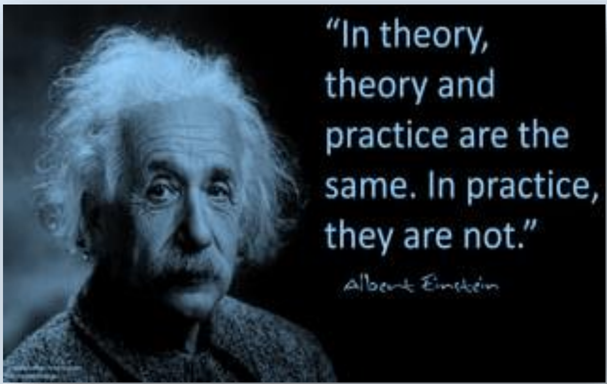
From Theory to Practice in the Training of Trainers

The theoretical base for knowledge transfer

When undertaking a ToT program, the objectives are often to reinforce positive behaviours, to develop new recommended knowledge, or to change risky behaviours in a target group.

Adopt new behaviours

The fields of governance provide relevant behavioural theories that explain this process. It is important to be aware of these theories because they provide a theoretical base that explains why ToT is beneficial. Moreover, these theories can help guide the planning and design of training interventions.



While implementing training of trainers (TOT) sessions, and training of peer learners with the target audience, there are some basic methodological considerations for translating the theory into practice. Most important is experiential learning, which is learning based on experience and observation and the use of interactive methodologies, including case studies.

Experiential learning

How to Create a **Learning Environment**

'Involving' participants in a training program in an active way that incorporates their own experience is essential. Such experiential learning allows the trainees to begin developing their skills and to receive immediate feedback.

The TOT approach proposed in this manual is based on an experiential learning model with highly interactive techniques. The model includes four elements: **participation, reflection on the experience, generalization (lessons learned), and application of lessons learned.**

Direct Experience

Participation
(Trainer introduces the activity/exercise and explains how to do it)
Trainees participate in:
Brainstorming
Role play and story-telling
Small-group discussion
Case studies

Reflection: Thoughts/Feelings *(Trainer guides discussion)*

Trainees participate in:
Answering questions
Sharing reactions to activity
Identifying key results

Generalization
Lessons Learned (Trainer gives information, draws out similarities and differences, summarizes)

Trainees participate in:
Presenting their results and drawing general conclusions

Application
Next Steps *(Trainer gives suggestions)*
Trainees discuss: Trainees participate in:
How the knowledge/skills can be useful
How to overcome difficulties in using knowledge/skills
Plan follow-up to use the knowledge/skills

Understand the Approach and methodology for course development

The approach outlined by subject matter experts focuses on adult learning principles that help all the trainees to be motivated and self-directed, drawing the thematic knowledge with the most relevant and practical contents & case studies.

Adult learning principles: Identifying, and assessing the skill gaps, helping to bridge the skill gaps, relevant, actionable involved, interactive & experiential learnings.

As leading training experts, we used to identify skill gaps to help trainees become the best-performing individuals possible. Our trainer develops comprehensive organizational development program content designed to enhance the capabilities of trainees in various thematic areas related to responsible business and sustainability reporting. Our program focuses on improving learning strategies, process alignment, and equipping participants to design and execute training programs for Micro, Small, and Medium Enterprises (MSMEs).

The Trainer addresses fundamental sustainability issues and the challenges associated with responsible business practices apart from core BRSR subjects, including but not limited to

- Data collection and accuracy
- ESG preparedness
- Lack of awareness and expertise
- Greenwashing
- Transparency, and reporting
- Stakeholder engagement
- Use of Software to capture data

The program emphasizes the integration of sustainability practices with business strategies and aims to foster a culture of responsible business conduct among the trainees.

The content would provide learners with contextualized, baseline knowledge on Business Responsibility and Sustainability Reporting (BRSR) framework issues and concepts most relevant to the client's industry. Learners would then put theory to practice in a brief, industry-specific case study with guidance. The onboarding and pre-work session would conclude with a guided assessment for gauging the sustainability reporting, Anti-corruption frameworks, sustainable supply chain, Stakeholder Engagement Plans, Social Impact Communication, and Sustainability Integration Strategies maturity level of the business in an Indian context, a specific subsidiary, or other related entity particularly focus on Micro, Small, and Medium Enterprises (MSMEs).

ADVANCED CONTENT WITH PRACTICES

This would provide learners with domestic & global sustainability framework planning, implementation, and reporting fundamentals. This pragmatic and focused approach would ensure learners are prepared to immediately contribute to MSMEs by providing targeted training to the supply chain, enhancing transparency, accountability, and overall sustainability performance of the whole value chain—sustainability reporting efforts upon completion of the training.

The Training Sessions equip participants with the knowledge and skills to understand the principles of business responsibility and sustainability reporting. The program includes mapping global reporting frameworks on sustainability, relevant stakeholders, and material ESG issues.

Furthermore, we enable participants to identify, assess, and address sustainability issues within their supply chains. We also focus on developing a vision and strategy on sustainability and improving management systems, internal processes, and setting goals, targets, and KPIs.

We aim to disseminate knowledge and awareness amongst members about the current regulatory framework of sustainability reporting, analyze disclosures made by Indian companies, and discuss aspects of assurance and best practices adopted. Lastly, we empower participants to implement effective reporting mechanisms to communicate sustainability performance.

Beyond Compliance: We will cover some of the most important parts of ESG implementation that will ultimately help MSMEs build sustainable businesses.

Sessions with Case studies & assessment - Instructor-led Learning Guidance

This would provide learners with content in the form of PowerPoint presentations and guidance specific to India's compliance requirements and business conditions. Training experts would lead this and speak to the requirements, content, and specific details regarding India's emerging ESG disclosure regulations, and associated compliance requirements.

Training Methodologies

- The Training contents will be Interactive, and simple enough to understand
- Blended instructional methods including facilitated sessions by industry trainer
- Industrial case studies and best practices
- Peer learning through group discussions
- Practical assessment exercises
- Self-paced learning from curated modular materials
- Real-world applicability and interactive learning experiences
- Evaluate Training Impact and Improvement

Understand adult learning & its implementations

Principles of adult learning methodologies to be followed during the Training

HUMANISTIC CONCEPTION OF SELF-DIRECTED AND AUTONOMOUS LEARNERS WHERE TRAINERS ARE DEFINED AS FACILITATORS OF LEARNING

Malcolm Knowles concepts

Self-concept: as we mature, our learning preferences also grow in time. Adult learners tend to shift from a dependent learning structure to an independent, self-directed learning. Knowles explains the self-concept assumption as how adults take ownership of their learning journeys.

Adult Learner Experience: This assumption draws on the knowledge bank that adult learners already have. Compared to minors who learn things for the first time, adults typically have past experiences or knowledge that they can utilize in learning new skills or information.

Disposition: Readiness to Learn: As adults, we are self-directed learners and our readiness to learn is directly influenced by our interests. We tend to learn best when the topics presented are aligned with our goals, such as topics that would help boost our careers or accomplish relevant tasks.

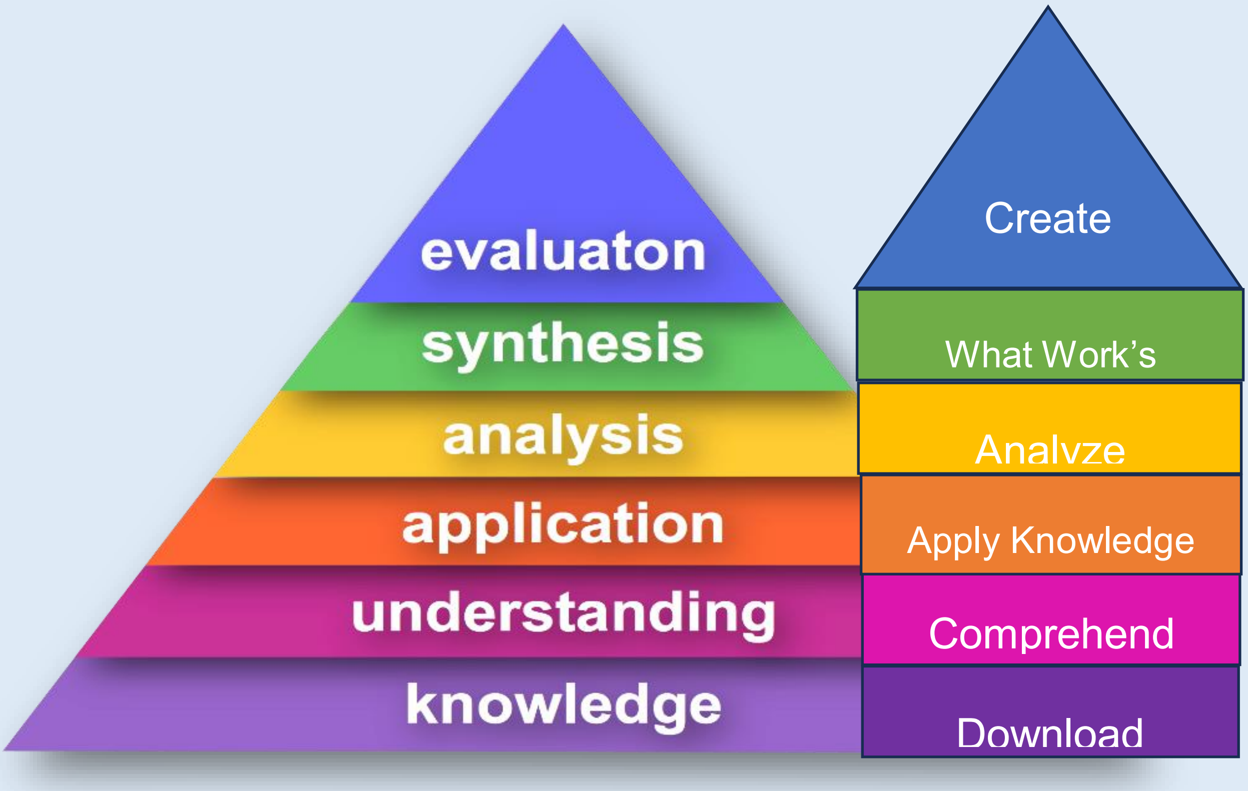
Orientation to Learning: Orientation to learning is the assumption that, as adult learners, we want to apply the concepts and theories we learn to practical lives. Unlike in the classroom setting, we are not content with just memorizing information but we tend to prefer learning topics that help us to solve problems in the real world.

Motivation to Learn: This assumption is that adult learners have an internal motivation to learn. In children, the motivation to learn stems from external factors (teachers, parents, schools), while adult's motivation to learn stems from their interests and goals. We may want to upskill to expand our careers or learn a new hobby because it aligns with our interests.

Malcolm Knowles, however, proposed that lectures aren't the best way to teach adults because of their passive nature, their disconnection from the learners' real-life practice, and the effort learners have to put in to maintain attention. Sometimes, lectures also lack clear learning objectives, which hinders students' ability to connect new and previous knowledge. Instead, Knowles posited that educators include some strategies in their lectures to make them more effective — from encouraging participants' active participation to presenting variations of their lectures.

Blooms Taxonomy

It is a powerful tool to measure and help develop learning outcomes because it explains the process of learning:

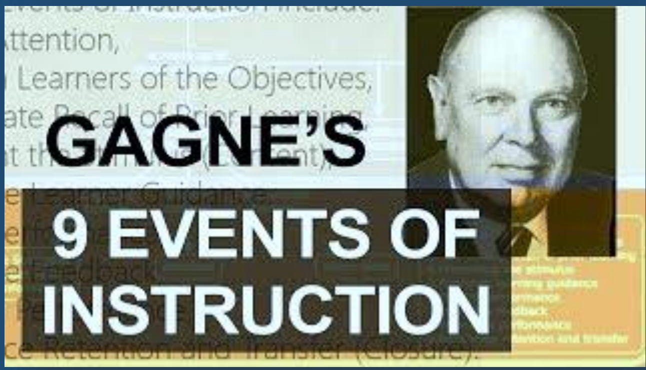


Factual Knowledge: Basic elements of a discipline that a student must know and be able to work with to solve problems including basic terminology and specific details and elements.

Conceptual Knowledge: Interrelationships between basic factual knowledge that demonstrate how elements work together, for example, classifications and categories, principles and generalizations, and theories, models, and structures.

Procedural Knowledge: How something is done including the methods of inquiry, skills, algorithms, techniques, and methods needed to investigate, apply, or analyze information.

Metacognitive Knowledge: Awareness and knowledge of one's cognition including strategies for learning, contextual and conditional knowledge about cognitive tasks, and self-knowledge.



Level 1: Gaining Attention (Reception)

Start the learning experience by gaining the attention of your audience. This change in stimulus alerts the group that learning will soon take place.

Apply: Gain attention by raising the volume of your voice, gesturing, showing a short video on the topic of instruction, or using any other event that brings the period of "waiting for the lesson to start" to an end.

Level 2: Informing Learners of the Objective (Expectancy)

Next, you must ensure that your team knows what they need to learn and that they understand why they're about to learn this new information.

Apply: Explain to your team what they will have learned by the end of the session. Then, explain how their learning is going to benefit them, and the organization.

Level 3: Stimulating Recall of Prior Learning (Retrieval)

When your people learn something new, match the new information with related information or topics they've learned in the past.

Apply: Review any previous learning that you've done with your team, and apply it to what they're learning now. Also, ask your team if they have any previous experiences with the topic, or if they have experienced the problems that the training is trying to resolve. Then make connections between what they are learning, and their previous learning.

Level 4: Presenting the Stimulus (Selective Perception)

Present the new information to the group in an effective manner.

Apply: Organize your information in a logical and easy-to-understand manner. Try to use various media and styles (such as visual cues, verbal instruction, and active learning) to suit people with different learning styles.

Level 5: Providing Learning Guidance (Semantic Encoding)
To help your team learn and retain the information, provide alternative approaches that illustrate the information that you're trying to convey.

Apply: Help your team learn more effectively by including examples, case studies, graphics, storytelling, or analogies.

Level 6: Eliciting Performance (Responding)
At this stage, you need to ensure that your people can demonstrate their knowledge of what you've taught them. The way that they show this depends on what they're learning.

Apply: If you've taught a new process or skill, ask your people to demonstrate how to use it role-playing exercises can be useful for this. If you've taught new information, ask questions so that they can show their knowledge.

Level 7: Providing Feedback (Reinforcement)
After your team demonstrates their knowledge, provide feedback and reinforce any points as necessary.

Apply: Imagine that you've taught your team a new technique for handling difficult situations. After several role-playing scenarios, you notice that a few team members aren't assertive enough to calm in this fictional "tense situation." Your feedback and tips point out their mistakes so that they can correct them.

Level 8: Assessing Performance (Retrieval)
The team should be able to complete a test, or other measurement tool, to show that they've learned the material or skill effectively. Team members should complete this test independently.

Apply: Tests, short questionnaires, or even essays can be good ways of testing your team's new knowledge.

Level 9: Enhancing Retention and Transfer (Generalization)
In this last stage, team members show that they've retained information by transferring their new knowledge or skills to situations that are different from the ones you've trained them on.

Apply: Repeated practice is the best way to ensure that people retain information and use it effectively. Make sure that the participants have enough opportunities to use their learning regularly. Schedule "practice runs" if you've been training on a new process, or have a follow-up session to review information or skills.

Leverage systems thinking to assess materiality across companies & Industries

A fundamental understanding of the ESG dynamics in practice and the ability to understand these scores' context is crucial in analysis.

To reduce data dependency risks we need to understand systems!

Without the reconnection that systems thinking brings, even necessary, accurate numbers will not lead us to better outcomes.

Traditional Thinking vs. Systems Thinking

Traditional thinking ignores the reality of today's complex, interconnected global market!

Systems Thinking: A holistic approach to analysis that focuses on how parts of a broader system connect and relate to one another.

- Helps identify & examine the interactions between the components that make up the system.
- By identifying interdependencies, we can see patterns in the system, and find the root cause of the problem much easier.

Traditional/Linear Thinking	Systems Thinking
The connection between problems and their causes is obvious and easy to trace.	**The relationship between problems and their causes is indirect and not obvious.**

We need to understand the indirect linkages & connections amongst ESG issues. This will help identify the underlying root cause of a problem and provide a solution that brings lasting change.

Traditional/Linear Thinking	Systems Thinking
Others are the cause of our problems and must be the ones to change.	**We create our problems and have control over solving them by changing our behaviour.**

A company can either try to change stakeholder expectations and other external forces or adjust their behaviour to benefit from these changes to the overall system.

Understanding corporate responses to these changes will help determine if a company is reactive or proactive in identifying changing external dynamics and adjusting its actions.

Traditional/Linear Thinking	Systems Thinking
A policy designed to achieve short-term success will also assure long-term success.	**Most quick fixes have unintended consequences, making matters worse in the long run.**

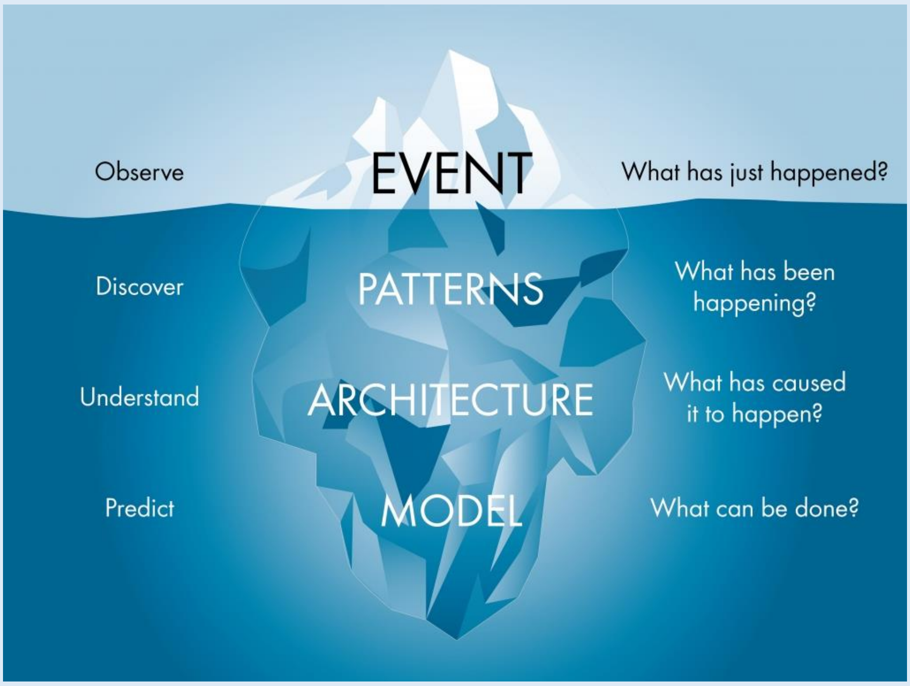
A company that leverages "quick fixes" to ESG issues without developing a deeper understanding of the underlying dynamics will likely feel the long-term compounding effects of the problem.

Traditional/Linear Thinking	Systems Thinking
To optimize the whole, we must optimize the parts.	**To optimize the whole, we must improve relationships among the parts.**

Instead of focusing on one-off changes and expecting these to improve the company, it is important to focus on the linkages of ESG issues, which ultimately help to create consistent outcomes.

Traditional/Linear Thinking	Systems Thinking
Aggressively tackle many independent initiatives simultaneously to change systems.	**Only a few key coordinated changes sustained over time will change systems.**

A wide range of ESG initiatives will not be as successful as a deliberate, singular initiative that engages the underlying issues that have consistently produced subpar outcomes.



Use of Systems Thinking & Materiality

Environmental Systems: All physical and biological materials and their intertwined processes.

E.g. industrial food production is affected by weather, the quality of soil, and the feeding patterns of livestock.

Social Systems: Group of individuals interacting directly or indirectly in a bounded situation.

E.g. a physical community, or one bounded by shared objectives such as a company, or religious organization.

Economic Systems: System of production, resource allocation, and distribution of goods & services within a society or geographic area.

Better understanding the underlying system dynamics in a company, allows us to assess their ESG performance and project for future risks/opportunities.

Breaking Down Materiality

We can use systems thinking to develop a more comprehensive and practical understanding of the connection between materiality and ESG.

When applied to the company's performance and the business landscape, we can have a broader view of the underlying concepts that present material impacts on a company or portfolio.

Key concepts in determining a company's material ESG issues:

Financial Impacts & Risk: How corporate performance on an ESG issue will directly and indirectly impact their short-term to medium-term financial performance.

Legal, Regulatory, & Policy Drivers: Creates commercial opportunities to meet new unmet needs through new products, markets, and business models.

Industry Norms & Competitive Drivers: Transition properties to operate more sustainably and incorporate renewable energies & energy-efficient appliances.

Stakeholder Concerns & Social Trends: Stakeholders may raise concerns that can influence short-to-medium-term financial/operating performance. Changes in Customer Preferences & Demand, Loss of Social License to Operate, Company/Supplier Controversy and Social Trends.

Opportunities for Innovation: As stakeholder engagement provides insight into a wider range of "pain points" the commercial opportunities in solving these contribute to a competitive advantage in the marketplace.

Understanding Anti-Corruption in the Context of ESG

A notable shift in corporate governance towards enhanced transparency and accountability is shaping the business landscape. This transformation is fuelled by high-profile outrages, emphasizing the need for anti-corruption measures in ESG strategies.

Companies now recognize the importance of incorporating anti-corruption measures into their **ESG strategies** to mitigate risks and bolster long-term sustainability. Embracing strong anti-corruption policies not only protects reputations and finances but also supports broader societal objectives of fostering ethical conduct and sound governance.

This evolving landscape accentuates a new approach to risk management and stakeholder engagement, reshaping corporate decision-making and value creation dynamics.

The outlook of anti-corruption and ESG practices is rapidly changing, driven by increasing regulatory changes, heightened stakeholder awareness, and the integration of ethical factors into corporate strategies.

Within the ESG framework, addressing corporate corruption plays a crucial role in the governance aspect while also significantly impacting the social and environmental dimensions. ESG reporting frameworks and standards provide essential guidance to organizations on governance practices, particularly in combating corruption.

The implementation of a comprehensive anticorruption policy is crucial for fostering institutional integrity. These policies **go beyond being mere codes of conduct**; they are the backbone of ethical governance and corporate behavior. They play a key role in defining ethical standards, outlining behavioral expectations, and creating a robust system for accountability and transparency.

The United Nations Global Compact, the world's largest sustainability initiative, emphasizes zero-tolerance policies against corruption. Companies are encouraged to prioritize ethical business practices by conducting risk assessments, fostering effective communication with stakeholders, and implementing robust anti-corruption programs.

Important for participants

This Training booklet has been developed to provide learners with an understanding of corruption risks, global framework, and best practices for prevention and detection in the context of ESG. It will also help to equip learners with the knowledge and skills necessary to promote ethical behavior and compliance within their organizations.

Key Elements of an Anti-Corruption ESG System

Effective Due Diligence: Conducting thorough due diligence before engaging with suppliers and contractors is crucial. It helps identify potential corruption risks, ensuring companies steer clear of partnerships with entities involved in corrupt practices.

Anti-Bribery Risk Assessments: Evaluating corruption risks within the organization helps prioritize efforts and allocate resources effectively to high-risk areas, particularly in sectors with significant government interaction.

Tone at the Top: Senior management plays a critical role in fostering an ethical workplace culture. By leading by example and embodying anti-corruption principles in their actions and decisions, they set the tone for the entire organization. Publicly endorsing the anti-corruption strategy and actively participating in training programs not only reinforces the company's commitment but also imparts a culture of integrity and accountability across the board.

Shareholder Engagement: Transparent disclosure of anti-corruption efforts is key in soliciting valuable stakeholder feedback, crucial for enhancing corporate strategies and bolstering anti-corruption initiatives.

Training Programs: Regular, customized anti-corruption training for employees and suppliers is crucial to ensure awareness and preparedness in preventing bribery and corruption.

Whistleblowing Hotlines: Implementing confidential reporting mechanisms enables employees and stakeholders to report corrupt activities safely, facilitating the prompt resolution of any issues.

Investigation and Disciplinary Actions: A robust investigative framework ensures a thorough examination of reported corruption, with findings used to strengthen anti-corruption measures.

Compensation for Compliance: Rewarding employees for adherence to anti-corruption policies reinforce the importance of ethical behaviours and encourages a culture of integrity.

Remedial Actions: Proactively addressing incidents of corruption and compensating affected parties demonstrates a company's commitment to ethical practices.

Disclosure and Assurance: Transparent reporting of anti-corruption efforts and third-party assurance of ESG reports enhance credibility and stakeholder trust.

These components are not all-inclusive, but they provide businesses with a foundation upon which to build anti-bribery and corruption policies that are customized to meet their unique requirements.

Anti-corruption is crucial not only for G but also for E and S in ESG

Various research studies emphasize the pivotal role of governance, especially anti-corruption measures, within the broader ESG framework. Global sustainability reporting provisions heavily prioritize governance themes, focusing on "accountability, anti-corruption, and anti-competitive behavior." This spotlight aligns with the World Economic Forum's stance, recognizing corporate integrity and anti-corruption practices as governance components and "**cross-cutting material concerns essential to the realization of the ESG agenda**."

The Integration of ESG and Anti-Corruption
Governance Practices: Corporate governance, a core component of ESG, is becoming more intertwined with anti-corruption. Companies are expected to have clear anti-corruption policies, effective compliance programs, and transparent reporting mechanisms. Governance now includes aspects like political contribution disclosures, ethical supply chain management, and avoiding conflicts of interest.
Environmental and Social Implications: Corruption can have direct and indirect impacts on environmental and social aspects. For instance, corruption in environmental regulatory processes can lead to unsustainable exploitation of resources, it jeopardizes the finite resources of our planet, contributing to some of the world's most pressing environmental challenges, while corruption in labour practices can result in exploitative working conditions. Effective anti-corruption measures are thus seen as essential for achieving broader ESG goals.

Corruption measurement

ESG practitioners routinely encounter corruption as a key obstacle to achieving their professional objectives and confronting different business challenges.

Different corruption ‘measurement’ tools consequently attempt to quantify different types or aspects of corrupt practices. Some count reported victimization (‘experience’), others survey opinions of experts and broader populations (‘perceptions’), while others track certain types of administrative data (e.g., the number of procurements conducted by key procedures). These different measurements may be grouped generally into countable statistics and indices typically constructed from multiple data sources.

Types of corruption measurement and analytical tools

The analytical tools that programmers will be interested in generally fall into two categories: those that attempt to 'measure' corruption, and those that assess contextual factors that contribute to corruption.

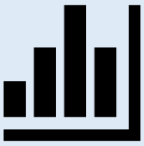
Corruption-related statistics: The following types of data are all 'countable,' but their resemblance to hard data does not mean they are necessarily good measurements of corruption.

Corruption-related statistics

Type	Description	Examples	Considerations
Administrative statistics 	Characteristics of government or its performance relevant to corruption or anti-corruption outcomes	•number or percentage of procurements conducted under specific rules or systems • percentage of civil servants that meet certain position qualifications • number of negative audit findings per agency	This information is hard data insofar as it is 'countable,' but there may be issues with the reliability of data reported internally by the government, especially if it is not audited for accuracy
Criminal or legal statistics 	Data on corruption complaints, investigations, prosecutions, convictions	• number of corruption arrests, investigations by a specific agency • number of corruption convictions • ratio of arrests to convictions	This data is 'countable,' but unreliable as a corruption measure because: --much corruption goes unreported --more arrests or convictions may reflect more anti-corruption efforts, but not necessarily more corruption
Population surveys and user surveys 	Survey data on corruption perceptions or experience (also called victimization surveys)	• regional barometer surveys • Global Corruption Barometer (experience survey) • surveys of population sub-groups (e.g., Enterprise Surveys, ad hoc user surveys)	More reliable to the degree that the surveys are well-designed and executed and terms are carefully defined. However, corruption perceptions are unpredictable and are not good measures of anti-

			corruption progress on their own. Experience surveys may be more reliable in tracking changes, but they also suffer from under-reporting. Experience surveys ask about only a few specific types of corruption (usually bribery) and therefore may not represent the actual 'amount' of corruption

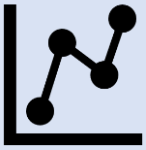
Corruption and governance indices: The most well-known and widely used resources, typically contain scores or grades – quantified values assigned to qualitative characteristics. Many are also hybrids – part measurement and part qualitative assessment – converted into scores.

Type	Description	Examples	Considerations
Composite indices of corruption or governance 	• Overall rating (usually a score or rank) of the seriousness of corruption at the national level. • Data from third parties, including perceptions, experience, and elements of context are aggregated according to specific formulas.	• Transparency International Corruption Perception Index (CPI) • Worldwide Governance Indicators Control of Corruption (WGI CoC)	• While these 'measurements' are widely known and widely used, they do not necessarily change with levels of actual corruption. • Small differences in score or rank (over time or between countries) are relatively meaningless due to time lags in data collection, variations in data availability across countries, and changes in methodology over time.
Framework-based or survey-based indices 	• Indices that use a smaller range of sources to create scores or rankings of corruption or a country's efforts to address it.	• Global Competitiveness Report Executive Opinion Survey • Country-based Integrity Indicators	• Especially when the analysis behind the scores is included in the reporting, these indices may be more easily 'unpacked' to reveal specific problem areas and

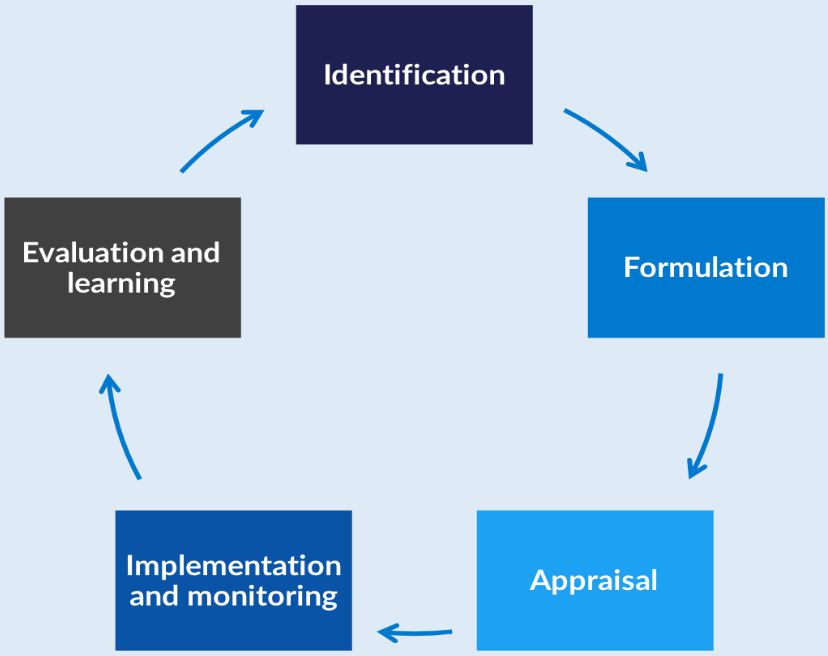
	• Different indices use different sources	• World Justice Project Rule of Law Index • World Bank Doing Business scores (expert surveys of experience and perception + administrative data)	possible reform priorities. • Comparability over time or across countries is not guaranteed
Sector governance or government function indices 	• Framework- or survey-based indices focused on specific sectors or government functions	• Resource Governance Index • Open Budget Index • Open Data Index • Public Expenditure and Financial Accountability indicators	• With a narrower focus, these measurements provide more detailed information on specific problem areas. • Comparability across time or countries is not guaranteed.

Proxy indicators: These are context-specific measurements that are related to aspects of corruption in a certain context. Proxy indicators are not comparable across countries but are usually created to assess the effects of specific reforms or programs in a given country.

Developing effective proxy indicators requires first establishing that corruption significantly affects a particular outcome in specific settings, and then measuring the difference in that outcome after anticorruption efforts have been implemented.

Type	Description	Examples	Considerations
Proxy indicators 	Context-specific measurements of characteristics shown to be related to corruption, though not specifically about corruption themselves	• administrative data • reduced leakage in funds transfers across the government • improved scores on user surveys or community scorecards • margin between market cost and publicly contracted costs for similar goods or services • age of companies doing business with the government	Proxy indicators are only useful as corruption measurements if the situation they measure (leakage in funds transfers, poor ratings in user surveys, high government costs vs. market rates, new businesses getting government contracts, low number of clinic visits) is previously shown to be related to corruption. Proxy indicators are context-specific and not comparable across countries.

Using measurements and analytical tools in development programming



Is Corruption the top ESG concern? What finance professionals are saying?

Across the board, financial advisors were more concerned about ESG risks than others when it comes to confronting corruption. Financial advisors ranked anticorruption highest on this scale, with 54% of advisors scoring it a 4 or 5 (with 5 representing “it will make or break my investment decisions”).

Among other key findings:

73% of financial advisor respondents stated that they believe ESG-integrated portfolios perform as well as or better than portfolios that do not integrate ESG

76% of financial advisor respondents said they are using ESG principles as part of their investment approach

82% of overall respondents (including institutional investors) said it is important that companies maintain diversity targets throughout the organization

When it comes to risks, anticorruption is a major issue. While some of the ESG concerns that are prominent in the news – such as climate change and cybersecurity – corruption has been an issue since ancient times, and it remains a material issue for investors. It erodes trust, both public and private.

Guidelines for Training of Trainers: A Curriculum

This six-module training of trainers (TOT) curriculum is designed for approximately 10 to 25 participants. The participants of TOT need to use the material and exercises in this curriculum when designing future TOT training sessions.

In addition, as noted in the description of each exercise, some of them may be suitable for the training of peer educators and for field work, where peer educators work with target groups of MSME industries.

The exercises that follow might also be used in refresher training. Once trained, trainers need continuing support, including further training.

This provides a way to help trainers stay aware of new material and sharpen their training skills.

Many topics and techniques described in this curriculum are accompanied by **training notes**. These provide information to help trainers understand why a topic is important or how specific techniques will contribute to the objectives of the training of trainers.

Key components of the training of trainer's sessions

The rationale for MSME awareness, including its benefits and barriers. It may seem reasonable to expect that future trainers of trainers are familiar with the practice of supply chains. However, it is essential to ensure at the start of training that trainees not only understand the concept and benefits of this approach but are also aware of its limitations or pitfalls.

Background knowledge about skills-based ESG, BRSR, Anti-corruption frameworks, and relevant education. Training of Trainers (TOT) goes beyond information sharing, into the realm of behaviour change. Trainees must learn the principles of comprehensive, skills-based ESG, its tangible impact on business and reporting, and understand how they relate to MSME supply chains.

Basic knowledge of the program's technical content. The participants need basic knowledge about the ESG issues that the program addresses. Whenever questions related to the program's content arise – whether during training or when supervising peer educators in their fieldwork – the trainer should be capable of responding adequately.

Exploration of the organization's values about the ESG issues being addressed, including implementation challenges. The participants must recognize their values and biases so they can help the trainees begin to understand their own. It is difficult to lead a group through a process of self-awareness without having already done this same work oneself.

Methodologies for skills building, such as role-play. Building skills is an essential part of TOT programs. A good program will include role plays and other techniques as an approach to developing skills. However, delivering constructive interactions and role plays requires some training.

Communication and group-work skills. Facilitating a training course and working interactively with a group of trainees requires a thorough knowledge of communication techniques. Future trainers must be able to serve as a model for communication and group work since the best training is conducted by example.

Basic guidelines for planning, implementing, monitoring, and evaluating TOT programs. Planning and implementing a TOT program is not just the responsibility of the project management team. It is essential that all those involved in the program, including the trainer and the peer educators, have a basic understanding of processes such as needs assessment or monitoring and evaluation. Future trainers also need solid guidelines on how to select, supervise, and support MSME supply chains.

Information about TOT resources. Trainers need to be familiar with resources that can complement their knowledge of the TOT program, such as training guides, case studies, assessments, and exercises on the ESG-BRSR frame particularly focusing on MSME supply chains. TOT programs should offer opportunities to explore these resources.

Knowledge & Information about corporate integrity. TOT programs do not operate in a vacuum but instead are components of a larger framework of resources. Trainers should be aware of corporate integrity, and anti-corruption policies, which are essential to the ethical pursuit of ESG standards and the honest reporting of ESG metrics. Corruption can undermine traditional and emerging aspects of the investment agenda, including financial growth, environmental sustainability, and respect for human rights. In sum, more broadly, integrity is understood as the backbone of ESG and sustainable investing.

Once participants have been identified, obtaining more information on their prior knowledge of enhancing the capacities of suppliers of Large Companies on the Business Responsibility and Sustainability Reporting (BRSR) framework is advisable.

It is also useful to explore their specific needs and work-related challenges. This training package provides a simple survey option that allows the capture of this information. It is advisable to send this questionnaire to the participants two weeks before the training sessions.

The Training program agenda: an overview

Module 1: Introduction to Business Responsibility & Sustainability Reporting

- Introduction, Basis, Purpose, and Outcome of BRSR
- Understanding of ESG
- ESG Issues, Industrial Problems, Solutions, and Learning Outcomes
- Determine risks & opportunities for both internal and external stakeholders
- Evaluate ESG Maturity, the quality of disclosures, and actual performance
- Understanding the evolution of ESG reporting regulations in India
- Understanding of BRSR principles, BRSR core attributes, and respective essential and leadership indicators
- Business Responsibility & Sustainability Reporting Format
- BRSR Disclosures: Way Forward – Challenge & Overcome Challenges
- Scope 1,2,3 emissions
- Conducting a Materiality Assessment
- Importance of anti-corruption in sustainability & BRSR
- ISO Certifications in ESG

Module 2: Global Sustainability Trends, Frameworks and Reporting Standards

- Global Framework of Sustainability and its Requirements
- Impacts of ESG on Businesses in the Global Eco System
- Investor-facing ESG Reporting Frameworks and Important Dimensions
- Public-facing ESG Reporting Frameworks
- Emerging Trends in Global Sustainability Reporting
- Quantitative & Qualitative Disclosures
- Leveraging Global ESG Reporting

- Constitution of International Sustainability Standards Board (ISSB) by IFRS Foundation
- GRI 205: Anti-corruption 2016

Module 3: Sustainability Reporting: Elements, Issues and Challenges

- Key Elements of Sustainability Reporting Module
- Challenges faced by Organizations in the Case of Sustainability Reporting: An In-Depth Analysis
- Best Practices for Overcoming Sustainability Reporting Challenges
- Discussion on corruption as a significant challenge and strategies to mitigate it
- Utilizing Software Solutions

Module 4: Understanding Sustainable Supply Chains in the Context of BRSR

- Introduction to the sustainable supply chain in the context of BRSR
- Understanding the BRSR core
- The most important BRSR core clarification as per SEBI
- Building an Effective Supply Chain Sustainability Program

- Supply chain sustainability best practices to implement at business
- Analysis Of Sustainable Supply Chains in the Context of BRSR
- Essential Pillars for Supply Chain Sustainability
- Decoding Annexure I - Format of BRSR Core

Module 5: Implementing Sustainability Best Practices in the Supply Chain

- How Environmental, Social, and Economic Impacts Exist Throughout Every Stage of Supply Chains
- About Supply Chain Sustainability & the United Nations Global Compact
- Business Drivers for Supply Chain Sustainability
- How to start supply chain sustainability initiatives
- How to Improve Supply Chain Sustainability
- Mapping the Supply Chain
- Segmenting the Supply Chain
- Supply Chain Sustainability Risks Mapping
- Tools for Engaging with Suppliers on Sustainability
- Creating Incentives for strong sustainability performance
- Effective audits are driven by a variety of factors
- Components of supply chain audit

- Opportunities in Supplier Capability Building
- The Elements of Internal Responsibility for Supply Chain Sustainability
- Implementation by Supply Management Professionals
- Industry Collaboration & Multi-Stakeholder Partnerships
- Opportunities and Risks of Industry Collaboration
- Establishing Goals & Tracking and Communicating Performance

Module 6: Stakeholder Engagement Plans, Social Impact Communication, and Sustainability Integration Strategies

- Stakeholder engagement in sustainability and its importance
- Role of stakeholders in improving sustainability
- Mapping and prioritizing stakeholders
- Stakeholders' engagement in sustainability projects
- Communicate sustainability goals to stakeholders
- Measure stakeholder impact on ESG metrics
- Emphasize the role of transparency and ethics in stakeholder trust.
- Best Practices for Communicating Social Impact
- Future of Sustainability ESG factors

Instructions

Before the Training Sessions

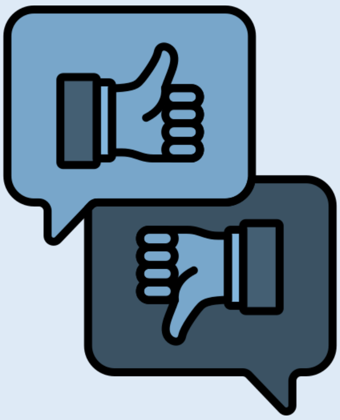
- Understand ToT methodologies
- Understand Adult Learning Principles
- Know the module overview – This Training Kit will give Key learning topics on BRSR, and corporate governance, particularly focusing on Anti-corruption in the context of ESG
- Use the notes for any question, which will be clarified during the training sessions
- Pre-assessment (on adult learning and ESG strategy)
- Pre-work. (PPT download & study before participating in the training sessions)
- Go through the Case studies

During the Training Sessions

- Learn in-depth adult learning principles - How to transfer the learning
- Apply adult learning principles
- Discuss the knowledge part of the training modules
- Practice sessions on Modules with Assessments, Case studies & Interactive exercises (Question Based Discussions)

After the Training Sessions

- Feedback
- Follow up Support
- Software assistance



Structure of a learning activity:

The learning sessions provided in this training package are structured into session sheets in the following way: At the start of each session, you will find the following grid:

Title of the learning session	**Description of the session in one sentence**
Objective of the learning session	What will participants be able to do at the end of the session?
Link with the relevant content section of the TOT Implementation Guide	Where do I find the materials in the TOT Implementation Guide?
Learning materials	Which specific training materials do I need for this session?
Timing	How much time will this session take?

Implementation preparation checklist

Before implementation	**During the first session**	**Throughout the entire training sessions**
Learn adult learning principles **Review materials**	Introduce with icebreakers	Remember facilitation roles, tips, and challenges
Share briefing notes with participants	Clarify expectations and learning objectives	Record all the results and document as much as possible
Confirm roles and responsibilities	Review the agenda and the methodologies Establish ground rules Set up feedback mechanisms	Reflect and wrap-up

Facilitator's notes checklist

Present/Explain/Make the point: The trainer will study, present, and explain all the different steps of each session (learning objectives, methodology, presentations). The trainer is also asked to elaborate on his points with examples and experiences.
Ask participants. They are experienced and bring along their professional contexts. The trainer asks questions (QBD) regularly to elicit specific examples from the participants.
Work in groups. The trainer gives clear instructions when participants must divide themselves into working groups. The instructions can be found in the different sessions. It is important to clarify the roles of group members and explain the procedure and objective of the session.
Facilitate group feedback. The trainer asks one group to present their work and the others to add perspectives not already discussed by the first group to spur further thinking and explore the various approaches and perspectives of the different groups, i.e. through comparing the findings of the whole group.
Display overhead/projector/PowerPoint (AVP). It is important to use the visual materials in the TOT Implementation Guide and the different presentations that are included in the training package. Have them at time of disposal at all times.

Section 2

Know the core subject

Module 1

Introduction to Business Responsibility & Sustainability Reporting

Module 1: Introduction to Business Responsibility & Sustainability Reporting

Description

Over time, Business Responsibility and Sustainability Reporting in India has evolved significantly, influenced by the National Voluntary Guidelines (NVGs), Millennium Development Goals (MDGs), and other key principles. The regulatory landscape now mandates the top 1,000 listed organizations to submit BRSR reports voluntarily for 2021-22 and mandatorily from 2022-23. The Securities and Exchange Board of India (SEBI) has outlined the format, emphasizing standardization.

This module aims to skill stakeholders in meeting BRSR reporting requirements, with a focus on educating supply chains of large corporations on ESG assessments.

Introduction, Basis, Purpose, and Outcome of BRSR

Introduction: The Securities and Exchange Board of India (SEBI), in March 2021 came out with ESG-related disclosure requirements named BRSR for the top 1000 listed companies

The Basis: BRSR seeks disclosures from listed entities on their performance against nine principles of 'National Guidelines on Responsible Business Conduct' (NGRBC)

The Purpose: BRSR is intended to have quantitative and standardized disclosures on ESG parameters to enable comparability across companies, sectors, and time

The Outcome: The disclosures will help investors in better investment decision-making, along with businesses to effectively engage with their stakeholders on non-financial aspects

Importance

BRSR simplifies the problem of reporting framework selection using a unified, transparent reporting format, which all companies will need to adopt

The nationwide regulations and measures present to tackle the climate change issue and to grow the economy sustainably will certainly become an important focal point in the future

India is one of the biggest generators of emissions and is the fastest-growing economy, all of which makes sustainability reporting in India important

Understanding Fundamentals of ESG before its reporting

BRSR is a sustainability report applicable in India published by companies on the **environmental, social, and governance (ESG)** impacts of their activities. It enables addressees and users to understand more clearly the impacts of a company's business activities on the environment and society and to assess the risks and opportunities companies face, or which are offered to them.

ESG covers a broad range of non-financial issues that are increasingly regarded as sources of both financial risk and opportunity.

The **Environmental** pillar refers to issues related to the natural world and includes aspects such as

- Greenhouse gas (GHG) and non-GHG emissions
- Renewable/non-renewable energy generation and usage
- Biodiversity
- Land use
- Material resource use
- Water management
- E-waste and waste

The **Social** pillar refers to issues related to the lives of humans, such as

- Human rights
- Modern slavery
- Child labour
- Working conditions
- Employee engagement
- Gender and DEI

The **Governance** pillar captures the decision-making factors affecting a business, such as

- Ethnic diversity of board composition
- Executive pay
- Bribery and corruption policies
- Political lobbying and donations
- Tax-Compliance strategy/transparency

Key ESG Concepts and the considerations for companies & stakeholders

Essential ESG Factors

Environmental Factors	Social Factors	Governance Factors
Climate Change	Human Capital Management	Supply chain Management
Natural Resource Scarcity	Product/ Service Safety	Board Quality, Diversity, and Effectiveness
Pollutions & Waste	Human Rights/ Labour Management	Reporting, Transparency, Business Ethics
		Executive Compensation
		Stakeholder Trust & License to operate
		Materiality & Risk Management
		Long-Term Value Creation

ESG Reporting Standards – Comprehensiveness, Accuracy, Consistency

Investor confidence & valuations

Consumer & stakeholder trust

Long-term Value Creation: ESG Factors = Enterprise Risk Management + Corporate Strategy

Supports organizational adaptability required to adjust to changing economic/ environmental/ Social conditions.

Supports value creation by identifying new markets, customers, and unmet needs.

Materiality Assessment

The assessment gives an idea of where the greatest risks are to the business and the welfare of its key stakeholders so the company can leverage this as a tool for measuring the efficacy and maturity of the company's work on ESG in general

ESG Risks & Opportunities

ESG issues often converge to create novel risks that reverberate across supply chains, independent industries, and entire communities

The quality of governance is the determining factor in treating changing market and nonmarket contexts as both risks and opportunities

Supply chains are considered a part of the company's footprint and respective impacts

Companies are now considered accountable for negative impacts along supply chains and 3rd party contractors

Understanding the company's approach to supply chain management can give a good indication of how they manage risks across the enterprise

Competitive advantages of ESG

Reduce Risk: Mitigates risk to the enterprise

Increased Opportunities & Growth: Supports identification of new markets, customers, and products/ services

Organizational Resiliency: Anticipates and adapts to technological, customer, and regulatory changes

Workforce Productivity: Engages and empowers employees, increases retention, and attracts the best talent

Reputation & Stakeholder Trust: Increased stakeholder trust = better corporate reputation

ESG Initiatives & Their Impacts

Corporate Purpose: Purpose beyond profits is important to develop as it provides insight into decision-making and long-term resilience.
Scenario Planning: Climate catastrophe with Detailed disclosure

Translating Risks to Opportunities: Challenges (i.e. natural resource scarcity) present opportunities to launch new ventures and address the challenge through profitable market-based solutions.

ESG Issues, Industrial Problems, Solutions, and Learning Outcomes

Issue(s) - Climate Change, Carbon Emissions, GHG Accounting

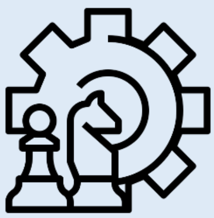
Industrial Problem - All industries face increasing regulatory requirements and stakeholder expectations to reduce their contribution to and risk exposure from climate change. This includes areas like climate risk management, GHG accounting and reduction planning, and transitioning business models and operations for a Net Zero economy.

Solutions - Companies across industries must address their power sources, operational processes, and partner emissions to fully reduce their contributions to and risk exposure from climate change. This requires understanding climate implications across management, operations, and procurement/supply chains.

Learning Outcomes – How to apply various approaches, tactics, and methodologies that account for the regulatory, reputational, and resource realities companies face. Specific learning outcomes include:

- Tactics for supporting both large and SME companies
- GHG accounting approaches when data quality is sparse and inconsistent
- Fundamentals of and best practices for climate risk management from a governance perspective

Issue(s) - ESG Impact Strategy, Impact Measurement, Reporting & ESG Disclosures



Industrial Problem - All industries face regulatory requirements and stakeholder expectations regarding their ESG strategy, impact performance, and ability to provide both the 'narrative and the numbers' in their reporting efforts and disclosure obligations. Greenwashing, any false representation of environmental or social performance has become equated to fraud, underscoring the criticality of developing an actionable strategy, systematic approach to measuring impact, and ability to communicate performance with auditable, traceable, and transparent data.

Solution - Companies across industries must develop an ESG strategy that can be fully integrated into the daily operations of a company. This includes instituting an internal impact measurement system to ensure consistency, continuity, and completeness in ESG reporting and disclosure.

Learning Outcomes – The professionals will learn key steps in developing, implementing, and reporting on an enterprise ESG strategy. This includes best practices for internal ESG governance, the standardization and scaling of an internal impact measurement system, and being able to effectively communicate your performance in alignment with global & domestic ESG disclosure standards and regulations Specific learning outcomes include:

- Fundamentals of ESG planning, implementation, and reporting
- Best practices and tactics for designing, standardizing, and scaling an internal impact measurement system
- ESG communication best practices and tactics to mitigate greenwashing risks

Issue(s) - Environmental Compliance, Supplier Sustainability

Industrial Problem - All industries face increasing compliance requirements - with ESG disclosure regulations, environmental permitting, and compliance, as well as compliance with buyer ESG procurement requirements. *ESG procurement requirements extend beyond Tier 1 suppliers and increasingly include all suppliers across the value chain*. This is a significant coordination, transparency, and oversight challenge across industries.

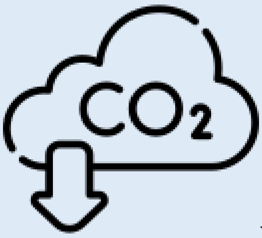
Solution - Companies across industries must address a broad range of compliance pressures - from government, B2B buyers, and capital providers. Integrating these concepts into enterprise risk management (ERM) and compliance practices requires a command of ESG issues, operations, and supply chain management, and an understanding of *hard compliance vs. soft compliance realities.*

Learning Outcomes – The professionals will learn how to unpack the thematic consistencies and nuances amongst types of compliance requirements. Tactics for designing and implementing an ERM and compliance system, as well as a *Supplier Code of Conduct*, will help translate theory into immediate practice.

Specific learning outcomes include:

- Key steps in developing an ESG ERM and compliance system and/or integration into existing ERM systems
- Tactics for developing and implementing a Supplier Code of Conduct
- Types of environmental compliance requirements and how to support suppliers in addressing them as well

Issue(s) - Decarbonization, Energy efficiency, clean electricity, Electrification, Clean fuels, and Carbon capture



Industrial Problem - The aforementioned issues provide solutions and pathways for decarbonizing our world and transitioning to a net zero economy. These concepts are interconnected, interdependent, and context-specific - making the ability to parse these concepts apart and contextualize them an increasingly critical industrial challenge (and opportunity). What's more - how to apply these concepts in an industry context is an even greater challenge.

Solution - Companies across industries must deploy a variety of solutions to reduce their emissions footprint and *legitimately achieve Net Zero status*. Certain solutions will be more impactful based on industry dynamics, market geographies, and economies of scale. Being able to contextualize what solution makes sense for the company, its size and maturity, operational set-up, and long-term planning is critical for the adoption needed to reach Net Zero.

Learning Outcomes - The participants will learn how to contextualize these solutions in a variety of industry, company, and operational use cases. This will ensure they can support the translation of theory to practice, and learning in the lab to action in real life. Specific learning outcomes include:

- Ability to define, contextualize, and compare the application of different types of climate solutions in different industries
- The semantics, greenwashing, and communication challenges and supporting tactics to address them when discussing climate tech and solutions

Understanding the evolution of ESG reporting regulations in India

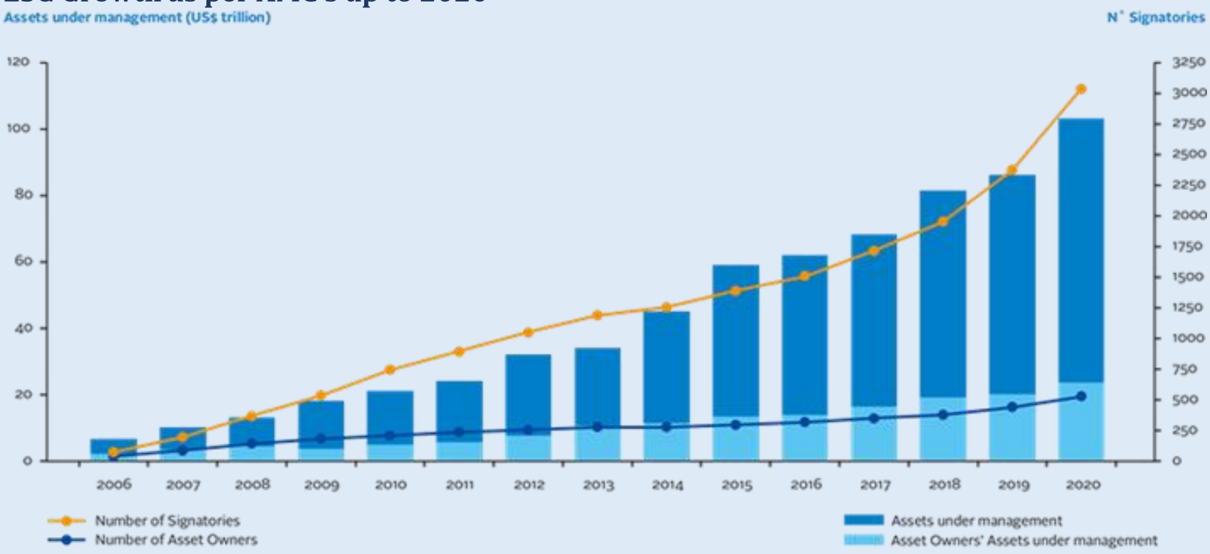
In the backdrop of increasing pressure from investors on companies for greater transparency and non-financial reporting, the Securities and Exchange Board of India (SEBI) introduced the requirement of ESG reporting in India in 2012. Their version of ESG reporting was termed the Business Responsibility Report (BRR) and it was mandated by SEBI that the top 100 listed companies in India by market capitalization needed to file a BRR10.

The purpose behind this disclosure was to enable businesses to engage and reach out to their stakeholders in a more engaging and meaningful manner. The BRR was intended to provide a push to businesses to go above and beyond regulatory financial compliance and incorporate reporting on social and environmental impacts as well.

Period-wise evolution of regulations for non-financial Disclosures in India

2015: SEBI BRR Guidelines
2017: IRDAI Stewardship Code
2017: SEBI Integrated Reporting
2017: SEBI Green Securities Disclosure
2019: SEBI Stewardship Code
2020: MCA Committee of Business Responsibility Reporting
2021-23: Mandatory BRSR disclosure for top 1000 listed companies based on Market cap

ESG Growth as per AMC's up to 2020



Changing ESG reporting landscape in India

Increasing stakeholder's concerns

- **Investors:** Good financial returns, business efficiency with best practices, corporate governance
- **Shareholders:** Transparency and integrity, formulating and following business code of conduct
- **Employees:** Occupational health hazards and safety, adequate employee welfare, benefits, and compensations
- **Customers:** Product safety and content, high quality of product and services, value for money
- **Government:** Complying with rules and regulations, cooperating with the government departments in a transparent manner
- **Communities:** Local employment, minimal impact on the surrounding environment, following compliances

Understanding of BRSR principles, respective essential and leadership indicators

Key highlights of BRSR

- Thrust to maximize business impact
- Linkages with Global Reporting Standards/Annual Report
- Emphasis on training and awareness
- Environmental and Social Assessment related disclosures
- 'Essential' and 'Leadership' Indicators

Comparison of BRR Disclosures and BRSR Disclosures

By 2021, BRR had evolved into BRSR, making it a comprehensive ESG reporting framework. It has also managed to successfully plug the gaps in terms of accuracy and depth of reporting.

BRR	BRSR
Applicable to the top 1,000 listed companies by market capitalization	Applicable to the top 1,000 listed companies by market capitalization from FY2023

	Expected to apply to all listed and unlisted companies soon
Disclosures to be made in annual report	Disclosures are to be made in annual report and 1 MCA21 portal through 2 XBRL language
Only quantitative disclosures	Both quantitative and qualitative disclosures
One universal template	Two formats: Comprehensive: For large companies and companies already reporting under the Listing Regulations (this format consists of the three sections shown in the structure below) Lite: For companies who have no prior experience in sustainability reporting (this format requires fewer details and information that is expected to be available to all companies)

Principles of National Guidelines on Responsible Business Conduct, 2018 (NGRBC)

Principle 1: Businesses should conduct and govern themselves with integrity and in a manner that is ethical, transparent, and accountable
Principle 2: Businesses should provide goods and services in a manner that is sustainable and safe
Principle 3: Businesses should respect and promote the well-being of all employees, including those in their value chains
Principle 4: Businesses should respect the interests of and be responsive to all their stakeholders
Principle 5: Businesses should respect and promote human rights
Principle 6: Businesses should respect and make efforts to protect and restore the Environment
Principle 7: Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent
Principle 8: Businesses should promote inclusive growth and equitable development
Principle 9: Businesses should engage with and provide value to their consumers in a responsible manner

MCA Committee Recommendations and SEBI Circulars on Sustainability Reporting

2011: MCA released the National Voluntary Guidelines (NVGs)
2012: SEBI issued a circular requiring the top 100 listed companies to disclose BRR in line with the NVGs
2015: The applicability of BRR was extended to the top 500 listed companies
2018: MCA formed a Committee on Business Responsibility Reporting to finalize formats for listed and unlisted companies based on the NGRBC framework
2019: MCA revised the NVGs to the National Guidelines on Responsible Business Conduct (NGRBC)
2020: MCA released a report on BRR with a proposed BRSR
2021: SEBI amended Regulation 34(2)(f) of the Listing Regulations to incorporate BRSR into regulatory provisions. SEBI also issued a circular with the BRSR format and guidance note to help companies understand the scope of disclosures. BRSR reporting was voluntary for FY 2021–22 but became mandatory for FY 2022–23
2023: SEBI incorporated the BRSR into Master Circular No. SEBI/HO/CFD/PoD2/CIR/P/2023/120 dated July 11, 2023

Fiduciary Duties of Directors towards Company's stakeholders, community and environmental protection – Section 166 of Companies Act, 2013

The director must also act in the company's best interests as well as those of its shareholders, workers, community, and the environment.

Advantages of BRSR

Increased value creation: It is a well-demonstrated fact that any company that embeds sustainability into its core operations builds a business that lasts longer, outperforms its competitors, and has a higher enterprise value vis-a-vis its peers who are resistant to change.

Stronger brand positioning: Embracing sustainability as a key pillar of operating practices increases the brand value of a company by positioning it strongly in terms of the perception of customers and key stakeholders.

Attraction and retention of talent: Employees are lately showing a high preference for companies that responsibly govern their operations, using industry best practices.

Business Responsibility & Sustainability Reporting Format

Section A - General Disclosures

This section encompasses essential company details, including

- Company size
- Location
- Product portfolio
- Workforce size
- CSR activities
- Office and factory locations
- Comprehensive information about products and services (comprising 90% of the total business turnover),
- Stock exchange listings
- The extent of reporting coverage (whether disclosures relate to an individual entity or form part of a larger consolidated group of companies)
- In addition, this segment necessitates information on employee headcounts, gender diversity, inclusivity practices, the status of differently-abled employees, employee turnover rates, and the complaints and grievances filed against the organization

Section B - Management and Process Disclosures

- This section aims to showcase a company's commitment to the frameworks, protocols, and procedures outlined in the National Guidelines on Responsible Business Conduct (NGRBC).
- It focuses more on elevated aspects of policies and managerial procedures, encompassing declarations made by directors and boards concerning governance, leadership, and vision.
- Companies are obligated to demonstrate that these policies are not merely on paper but have been officially sanctioned and put into action within defined timeframes.
- Additionally, relevant web links to these policies should be provided on the company's website.

Section C - Principle-wise disclosures

- This section focuses on quantitative data associated with the nine core principles of the NGRBC. This set of disclosures in the BRSR aims to illustrate how businesses influence environmental and social benchmarks.
- Firms are required to present precise data and instances demonstrating the integration of these principles into procedures, quantified via Key Performance Indicators (KPIs). Moreover, they should disclose the percentage of investment allocated to Research and Development (R&D) and capital expenses. This segment comprises both mandatory "Essential Indicators" and voluntary "Leadership Indicators."

BRSR Disclosures: Way Forward – Challenge & Overcome Challenges

- Sudden Change in Reporting Requirements
- Increase in cross-departmental inputs for BRSR
- Increase in performance expectations from stakeholders
- Overcoming Reporting challenges through effective modes of communicating a company's non-financial disclosures should be seen as the next step in ESG reporting going forward

Scope 1,2,3 emissions

- Scope 1 covers direct emissions from owned or controlled sources.
- Scope 2 covers indirect emissions from the purchase and use of electricity, steam, heating, and cooling. By using the energy, an organization is indirectly responsible for the release of these GHG emissions.
- Scope 3 includes all other indirect emissions that occur in the upstream and downstream activities of an organization.
- Importance of Scope 3 emissions measurement
- Measurement process of organisations Scope 3 emissions
- BRSR on Scope 1,2,3 emissions

Conducting a Materiality Assessment

Explain key concepts & required steps in conducting a materiality assessment

- *Create a core list of issues*
- *Assess material issues to the business*
- *Engage stakeholders to assess their material issues*
- *Determine core material issues, associated risks & opportunities*

Importance of anti-corruption in sustainability

Corruption is a grave threat globally, impacting democratic institutions, governmental stability, and trust. It undermines fair competition, discourages investment, and hampers trade, posing a risk to economies. Moreover, it hinders social inclusion, perpetuates inequality, and impedes prosperity, disproportionately affecting marginalized communities.

The Sustainable Development Goals

The 2030 Agenda for Sustainable Development and its 17 Sustainable Development Goals (SDGs) are the world's attempt to build a better future for all.

The 2030 Agenda recognizes that the rule of law and development have a significant interrelation and are mutually reinforcing. Promoting peaceful, inclusive societies for sustainable development, and access to justice for all as well as effective, accountable, and inclusive institutions is necessary for the achievement of each of the 17 Sustainable Development Goals. As countries around the world are investing increasing efforts to live up to the expectations placed on them by the 2030 Agenda, the crucial importance of anticorruption on sustainable development is appreciated more than ever.

The importance of anti-corruption is explicitly highlighted in Goal 16, which requires States to "**promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels**", through reducing illicit financial flows, strengthening the recovery and return of stolen assets, substantially reducing bribery and corruption, and developing effective, accountable and transparent institutions at all levels1. Goal 16 plays an instrumental role in ensuring an integrated approach towards development. Focused on addressing governance deficits and challenges posed by profound social transformation, it tackles the root causes for many development issues covered under other SDGs.

Anti-corruption in sustainability reporting

Corporate corruption has a corrosive social, environmental, and economic impact. The drivers are multifaceted, as are the opportunities for preventing it. What is clear, however, is that transparency is a fundamental part of any process to reduce corruption, bribery, or otherwise, and build trust and accountability.

Regulatory reforms prohibiting bribery and other forms of corruption have driven investors' and other stakeholders' demand for reliable and comparable corporate data. This goes hand in hand with increased focus on companies' environmental, social, and governance (ESG) performance, within which anti-corruption is a key component, and related reporting expectations.

From transparency to trust

Transparency is increasingly expected in the corporate world. That most of the largest companies report anti-corruption information as part of their sustainability disclosures provides a reason to be hopeful. However, weaknesses in key areas mean it's not possible to build a full picture of a company's performance.

Companies should disclose comparable, reliable, and meaningful anti-corruption information as part of their sustainability disclosures. This will not only demonstrate their anti-corruption performance as part of wider ESG efforts but ultimately build trust with their stakeholders.

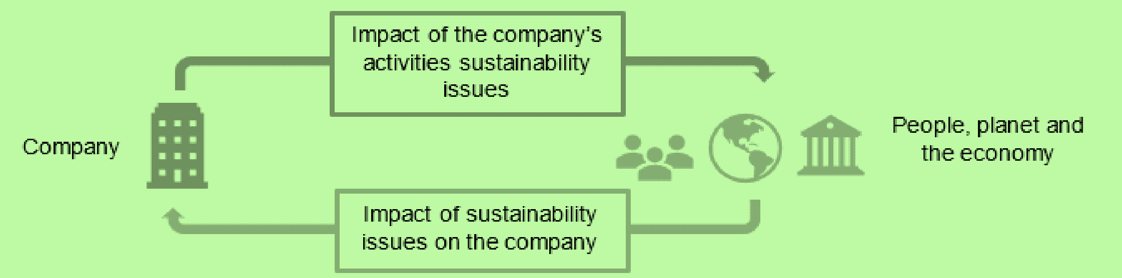
The study reviewed companies' sustainability reports and sustainability disclosures within their annual and integrated reports to identify the core topics covered, reporting standards used, and whether data was audited. Anti-corruption was categorized into important topics: anti-corruption, code of ethics, whistleblower mechanisms, anti-bribery, anti-fraud, anti-money laundering, conflict of interest, and third parties. Corporate political engagement disclosures were not included in this study.

Why is sustainability reporting significant for anti-corruption?

Increases transparency: Increase in the amount of Anti-corruption and political engagement information companies in scope report publicly.

Boosts comparability: Standardizing sustainability reporting brings much-needed harmonization to the current patchwork of reporting standards. This should provide greater clarity and comparability for users of sustainability information, such as investors, consumers, and civil society organizations.

Requires 'double materiality' reporting: Companies will need to consider the materiality of sustainability issues from the perspective of how they influence financial performance ('financial materiality'), and also how sustainability issues are impacted (positively or negatively) by the company's operations and value chain ('impact materiality'). For many companies, assessing the impact of their activities on people, the planet, and the economy for sustainability reporting purposes is likely to be a significant change.



Source: Adapted from GRI, Double Materiality. The guiding principle for sustainability reporting, 2024.

Anti-Corruption Indicator in BRSR

SECTION C: PRINCIPLE-WISE PERFORMANCE DISCLOSURE

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

Essential Indicators		
Q. No.	**Field Name**	**Instruction/Guidance**
2	Details of fines/penalties/punishment/ award/ compounding fees/ settlement amount	Under this field, the entity shall make disclosures based on materiality as specified in Regulation 30 of SEBI (Listing Obligations and Disclosure Obligations) Regulations, 2015, and as disclosed on the entity's website.
4	Details of anti-corruption or anti-bribery policy	The disclosure of the anti-corruption or anti-bribery policy may include the following: ▪ Risk assessment procedures and internal controls ▪ Mechanism to deal with complaints on bribery/corruption ▪ Coverage of training on anti-corruption issues

Under the Value Chain Partners section companies need to disclose if they have conducted sessions on Anti-Bribery and Anti-Corruption (ABAC) and Anti-Money Laundering (AML) policies with all our suppliers in the previous financial year.

SECTION B: MANAGEMENT AND PROCESS DISCLOSURES

This section is aimed at helping businesses demonstrate the structures, policies, and processes put in place towards adopting the National Guidelines for Responsible Business Conduct (NGRBC) Principles and Core Elements such as Anti-Bribery and Anti-Corruption Policy.

Under Policy and management processes companies need to provide policies adopted for anti-corruptions

Key policies are listed below:
1. Anti-Bribery and Anti-Corruption Policy
2. Anti-Money Laundering Policy
3. Prevention of Sexual Harassment at Workplace Policy
4. Corporate Social Responsibility Policy
5. Policy on determination of Materiality for Disclosures
6. Policy on Related Party Transactions
7. Policy on Appointment and Remuneration of Directors and KMPs
8. Tata Code of Conduct
9. Policy on determination of material subsidiaries

Disclosure related to anti-corruption or anti-bribery policy? If yes, provide details in brief, and if available, provide a web link to the policy:

Weblink summary of Tata Steel Ltd. (a case study)
The web link of the policy is as follows: https://www.tatasteel.com/media/11802/1-abac-policy_final.pdf

ANTI-BRIBERY AND ANTI-CORRUPTION POLICY OF TATA STEEL LIMITED (the “Company”)

I. GENERAL GUIDELINES

This Anti-Bribery and Anti-Corruption (ABAC) Policy as applicable to the Company

II. POLICY STATEMENT AND PURPOSE

III. SCOPE AND APPLICABILITY

IV. COMPLIANCE OFFICER / CHIEF ETHICS COUNSELLOR – Appointment, Role & Responsibility

V. Clear definitions of Bribery, Corruption, Designated Director, Public Official (Government Official or Public Servant) / Foreign Public Official, Third party/Business Associates, Improper performance

VI. AREAS OF CONCERN- WHERE CORRUPTION RISK IS HIGHEST

1. Corruption can take place in many types of activities. It is usually designed to obtain financial benefits or other personal gain. For example, bribes are intended to influence behaviour - they could be in the form of money, a privilege, an object of value, an advantage, or merely a promise to influence a person in an official or public capacity. Usually, two people are involved and both would benefit. Examples of a bribe include offering or receiving cash in the form of a kickback, loan, fee, or reward, or giving of aid, donations, or voting designed to exert improper influence.

2. The areas of business where corruption, including bribery, can most often occur include: a) b) c) d) e) f) Gifts, Entertainment, and Hospitality; Facilitation Payments; Procurement Process; Political, Community, or Charitable Contributions; Improper Performance of Duties; Favours Regarding Recruitment Opportunities.

VII. GIFTS, ENTERTAINMENT AND HOSPITALITY

VIII. COMPELLED TO GIVE UNDUE ADVANTAGE

IX. PROCUREMENT PROCESS

X. INTERACTION WITH CUSTOMERS - Sale side Bribery, Policy towards customers and distributors

XI. USE OF THIRD-PARTY AGENTS, CONSULTANTS AND OTHER INTERMEDIARIES

XII. POLICY ON GOVERNMENT INTERACTION

XIII. POLICY FOR POLITICAL COMMUNITY AND CHARITABLE CONTRIBUTIONS

XIV. POLICY FOR MERGERS AND ACQUISITIONS

XV. CONFLICTS OF INTEREST

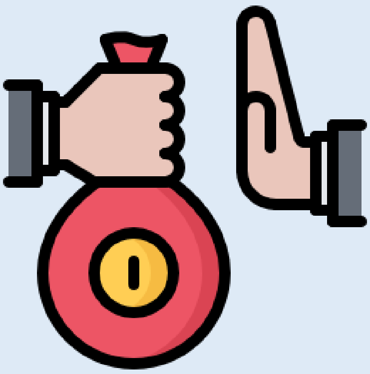
XVI. BOOKS, RECORDS, AND INTERNAL CONTROL REQUIREMENTS

XVII. COMMUNICATION AND COMPLIANCE TRAINING

XVIII. HOW TO RAISE CONCERNS

XIX. RESPONSIBILITY AND PENALTIES

XX. PERIODIC REVIEW AND EVALUATION



Corruption and ISO 37001

Main definitions of ISO 37001 Standard

Terminology	Definition
Governing body	Group or body that holds final responsibility and authority for the activities, administration, and policies of the organization headed by senior management, which controls the responsibilities of senior management.
Senior management	A person or group of people who, at the highest level, direct and control an organization
Policy	Orientations, addresses of an organization formally expressed by its senior management or by its governing body
Organization	A person or group of people having their functions with responsibility, authority, and relationships to achieve their goals
Involved part or stakeholder	A person or organization that can influence, be influenced or perceive itself as influenced by a decision or activity.
Business partners	The external part with which the organization has or plans to establish any commercial relationship form.

Definitions of active corruption and passive corruption

Active corruption	Passive corruption
Corruption on behalf of the organization	Corruption of the organization
Corruption on behalf of personnel of the organization acting on behalf of the organization or for its benefit	Corruption of the organization's personnel that acts on behalf of the organization or for its benefit
Corruption on behalf of related individuals acting on behalf of the organization or for its benefit	Corruption of related individuals acting on behalf of the organization or for its benefit
Both direct and indirect (offered or accepted through/by a third party).	

ISO Certifications in ESG

Many organizations in the world develop standards to be used by organizations that want to contribute more to sustainable development. The following are the ISO Certification in ESG

Environment
ISO 14001 – Environmental Management systems
ISO 14020 Series – Environmental Labels & Declarations
ISO 14030 Series – Environmental performance evaluation
ISO 14040 Series – Life cycle assessment
ISO 14046 – Water footprint
ISO 14064 Series – Green House Gases
ISO 14067 – Carbon footprint of products
ISO 50001 – Energy Management Systems

Social
ISO 26000 – Social responsibility
ISO 45001 – Occupational health/safety management systems
ISO 9001 – Quality Management Systems
ISO 45003 – Psychological health and safety at work
ISO 30414 – Human capital disclosure
ISO 10002 – Customer satisfaction
ISO 10018 – People Engagement
ISO 22395 – Security and resilience

Governance
ISO 31000 – Risk Management Guidelines
ISO 37001 – Anti-bribery management systems
ISO 37002 – Whistleblowing management systems
ISO 27001 – Information security management systems
ISO 27701 – Privacy information management
ISO 22301 – Business continuity management systems
ISO 37301 – Compliance Management systems

Other Relevant
ISO 20121 – Event sustainability management systems
ISO 20400 – Sustainable procurement
ISO 37101 – Sustainable development in communities
ISO 53001 (under development) will provide a comprehensive management system to contribute to the UN SDGs encompassing all aspects of ESG

Module 2

Global Sustainability Trends, Frameworks, and Reporting Standards

Training Programme to enhance capacities of suppliers of Large Companies on Business Responsibility and Sustainability Reporting

Module 2: Global Sustainability Trends, Frameworks and Reporting Standards

Description

Sustainability reporting frameworks are crucial for businesses aiming to disclose their ESG impacts effectively. The landscape of these frameworks is rapidly evolving due to stakeholder pressure, regulatory shifts, and the increasing recognition of climate and sustainability risks.

A global standard-setting approach, grounded in principles such as legitimacy, independence, transparency, and public accountability, fosters the development of high-quality sustainability reporting standards. This approach ensures the availability of consistent, comprehensive, and comparable information, essential in today's global business environment.

Given the global nature of climate change, the Sustainable Development Goals, and businesses' operations and investor base, a global approach to sustainability reporting standards is imperative. This is why understanding ESG global disclosures, evaluating quantitative and qualitative disclosure methods, and grasping core concepts of Global Sustainability Trends and Reporting Standards are vital for professionals in this space.

In this module, the participants will learn the key concepts behind ESG global disclosures, how to Define and evaluate the use cases, objectives, and impacts of global quantitative & qualitative disclosure methods along with core concepts of Global Sustainability Trends, Frameworks, and Reporting Standards.

Global Framework of Sustainability Disclosure & its Requirement

Global Business's ESG performance becomes a key indicator to understand its ability to compete in a changing world, and it's essential to know how ESG information creates risk & opportunity for an industry/company/potential investment.

What Are ESG Disclosures

Environmental Sustainability: Externalities, utilization, and remediation of environmental resources and quality.
Societal Impact: Company action on ensuring the well-being of internal & external stakeholders.
Corporate Governance: Board oversight, risk management, and tactics towards addressing ESG risks & opportunities.

Why Are ESG Disclosures Important

- Transparency and Information Symmetry
- Risk Management Reporting
- Stakeholder Value Creation
- Sustainable Economy
- Reputation and Sustainability Leadership
- Consumer Trust & Brand Loyalty

Global Framework of Sustainability

Frameworks and benchmarks for sustainability have been created to evaluate and advance sustainable practices across a range of industries. To assess and enhance environmental, social, and economic performance and ensure long-term viability and responsible resource management, they offer a common set of principles, criteria, and measurements.

Key considerations in assessing sustainability frameworks are as follows:

Transparency: The framework needs to explain its goals, standards, and metrics clearly.

Relevance: It ought to deal with the particular sustainability issues that the industry or sector it seeks to serve is facing.

Credibility: Reputable organizations with sustainable knowledge should have created and supported the framework.

Measurability: It should offer quantifiable measurements and indicators that permit accurate evaluation and comparison of sustainability performance.

Continual improvement: Adaption, and advancement of sustainable practices should be encouraged by the framework.

Stakeholder engagement: To ensure inclusion and relevance, it should include input and feedback from a variety of stakeholders.

Brief on Major Standards and Frameworks

- ***Global Reporting Initiative (GRI) Standards:*** Provides a universal set of standards for reporting a wide range of ESG topics, aimed at transparency and stakeholder engagement.
- ***Sustainability Accounting Standards Board (SASB) Standards:*** Offers industry-specific guidance on financially material sustainability issues to inform.
- ***Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD):*** Focuses on improving the reporting of climate-related financial information to help companies align with investor needs.
- ***International Integrated Reporting Council (IIRC) Framework:*** Encourages a holistic report that integrates both financial and non-financial data to highlight sustainability's role in overall business performance.
- ***Corporate Sustainability Reporting Directive (CSRD):*** Mandates comprehensive reporting across the EU, enhancing the quality and comparability of sustainability disclosures.
- ***Science-Based Targets initiative (SBTi):*** Assists companies in setting science-based emissions reduction targets to align with global climate goals.
- ***United Nations Global Compact (UNGC) Communication on Progress***: Requires companies to report annually on their implementation of sustainable and socially responsible policies.
- ***ISO 26000 Guidelines for Social Responsibility:*** Provides guidance for organizations to operate responsibly and ethically across various societal aspects.
- ***Sustainable Development Goals (SDGs):*** Encourages organizations to align their reporting with global goals for a sustainable future, showcasing their contributions to these targets.

Impacts of ESG on Businesses in the Global Eco System

- Global ESG stewardship ecosystem
- ESG stewardship in action
- Cross-border activities of institutional investors

Investor-Facing ESG Reporting Frameworks and Important Dimensions

- **SASB** is a reporting framework focused on industry-specific ESG issues
- **TCFD** provides recommendations on voluntary climate change disclosures that aim to increase and improve the reporting of climate-related financial information in capital markets
- **IR** is a disclosure guideline developed by the International Integrated Reporting Council (IIRC), which is used to accelerate the adoption of integrated reporting across the world
- **PRI** is a United Nations-supported international network of investors promoting sustainable investment by incorporating ESG factors.

Public-Facing ESG Reporting Frameworks

- **GRI** has developed one of the most comprehensive sets of sustainability reporting guidelines
- **UN SDGs** provide targets and guidelines for sustainability

Quantitative & Qualitative Disclosures

- Numerical information on Condition, Resources, Performance
- Quantitative information enhances the comparability of ESG impact by using metrics
- Qualitative information such as management's policies and procedures
- Quantitative Disclosures: GRI, CDP
- Qualitative Disclosures: SASB, TCFD

Constitution of International Sustainability Standards Board (ISSB) by IFRS Foundation

The Trustees of the IFRS Foundation announced the formation of the International Sustainability Standards Board (ISSB) on 3 November 2021 at COP26 in Glasgow, following strong market demand for its establishment.

The ISSB is developing—in the public interest—standards that will result in a high-quality, comprehensive global baseline of sustainability disclosures focused on the needs of investors and the financial markets.

The ISSB has set out four key objectives:

- to develop standards for a global baseline of sustainability disclosures;
- to meet the information needs of investors;
- to enable companies to provide comprehensive sustainability information to global capital markets; and
- to facilitate interoperability with jurisdiction-specific disclosures and/or aimed at broader stakeholder groups

The ISSB builds on the work of market-led investor-focused reporting initiatives, including the Climate Disclosure Standards Board (CDSB), the Task Force for Climate-related Financial Disclosures (TCFD), the Value Reporting Foundation's Integrated Reporting Framework and industry-based SASB Standards, as well as the World Economic Forum's Stakeholder Capitalism Metrics.

Scope of IFRS S1

B11 On the occurrence of a significant event or significant change in circumstances, an entity shall reassess the scope of all affected sustainability-related risks and opportunities throughout its value chain. A significant event or significant change in circumstances

can occur without the entity being involved in that event or change in circumstances or as a result of a change in what the entity assesses to be important to users of general-purpose financial reports. For example, such significant events or significant changes in circumstances might include:

(a) a significant change in the entity's value chain (for example, a supplier in the entity's value chain makes a change that significantly alters the supplier's greenhouse gas emissions);

(b) a significant change in the entity's business model, activities, or corporate structure (for example, a merger or acquisition that expands the entity's value chain); and

(c) a significant change in an entity's exposure to sustainability-related risks and opportunities (for example, a supplier in the entity's value chain is affected by the introduction of a new regulation that the entity had not anticipated).

Scope of IFRS S2

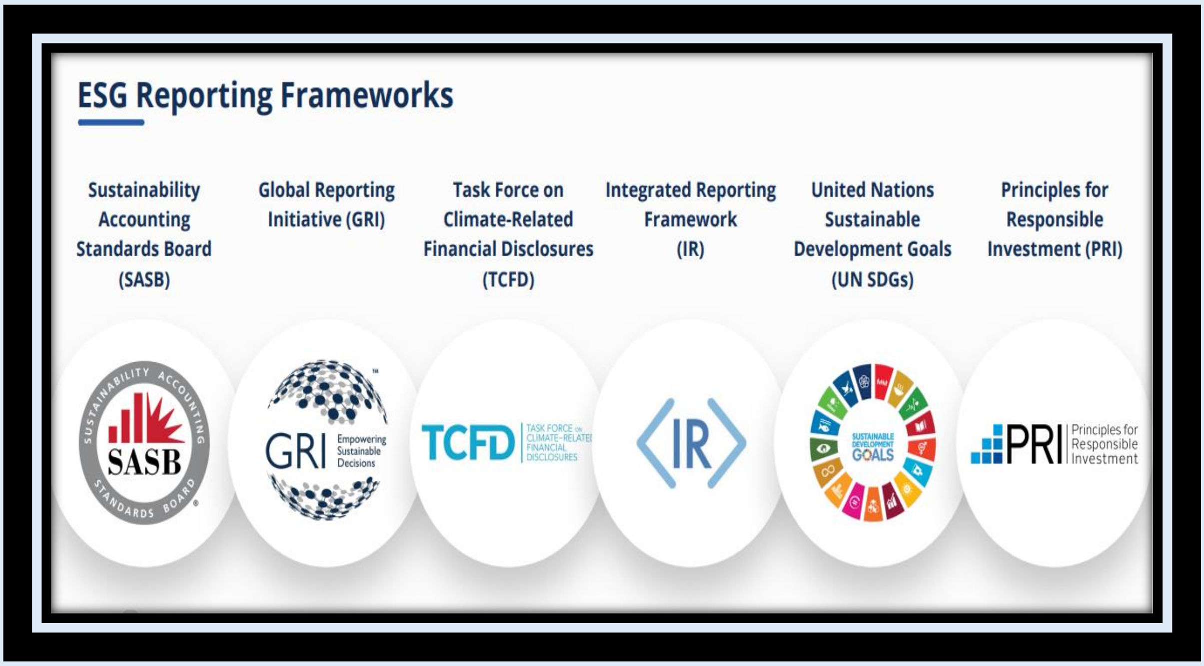
Appendix A Defined terms
Climate-Related Physical Risks

Risks resulting from climate change can be event-driven (acute physical risk) or from longer-term shifts in climatic patterns (chronic physical risk). Acute physical risks arise from weather-related events such as storms, floods, drought, or heatwaves, which are increasing in severity and frequency. Chronic physical risks arise from longer-term shifts in climatic patterns including changes in precipitation and temperature which could lead to sea level rise, reduced water availability, biodiversity loss, and changes in soil productivity.

These risks could carry financial implications for an entity, such as costs resulting from direct damage to assets or indirect effects of supply-chain disruption. The entity's financial performance could also be affected by changes in water availability, sourcing, and quality; and extreme temperature changes affecting the entity's premises, operations, supply chains, transportation needs, and employee health and safety.

Climate-Related Transition Risks

Risks that arise from efforts to transition to a lower-carbon economy. Transition risks include policy, legal, technological, market, and reputational risks. These risks could carry financial implications for an entity, such as increased operating costs or asset impairment due to new or amended climate-related regulations. The entity's financial performance could also be affected by shifting consumer demands and the development and deployment of new technology.



GRI 205: Anti-corruption 2016 – Important Topics

Disclosure 205-1 Operations assessed for risks related to corruption

REQUIREMENTS

The reporting organization shall report the following information:

Total number and percentage of operations assessed for risks related to corruption.

Significant risks related to corruption were identified through the risk assessment.

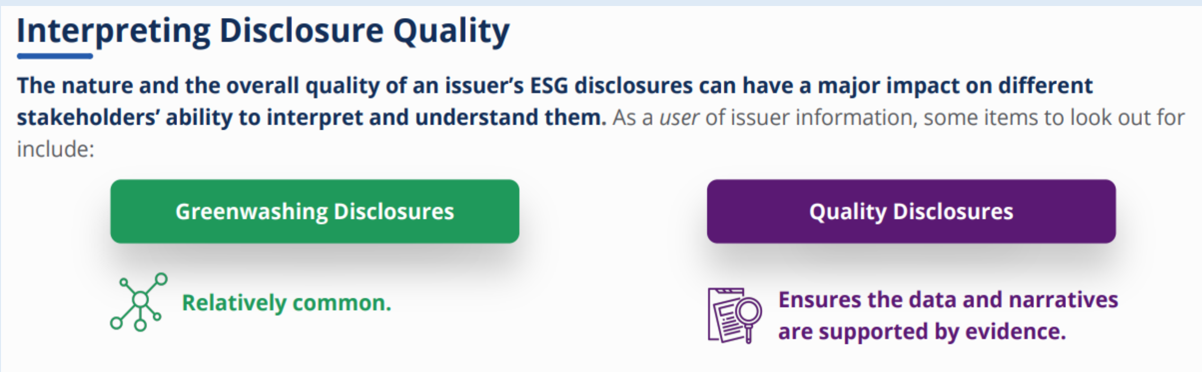
GUIDANCE

Guidance for Disclosure 205-1
This disclosure can include a risk assessment focused on corruption or the inclusion of corruption as a risk factor in overall risk assessments.

The term 'operation' refers to a single location used by the organization for the production, storage, and/or distribution of its goods and services, or administrative purposes. Within a single operation, there can be multiple production lines, warehouses, or other activities. For example, a single factory can be used for multiple products or a single retail outlet can contain several different retail operations that are owned or managed by the organization.

BACKGROUND

This disclosure measures the extent of the risk assessment's implementation across an organization. Risk assessments can help to assess the potential for incidents of corruption within and related to the organization, and help the organization to design policies and procedures to combat corruption.



Disclosure 205-2 Communication and training about anti-corruption policies and procedures

REQUIREMENTS

The reporting organization shall report the following information:

Total number and percentage of governance body members that the organization's anti-corruption policies and procedures have been communicated to, broken down by region.

Total number and percentage of employees that the organization's anti-corruption policies and procedures have been communicated to, broken down by employee category and region.

Total number and percentage of business partners that the organization's anti-corruption policies and procedures have been communicated to, broken down by type of business partner and region. Describe if the organization's anti-corruption policies and procedures have been communicated to any other persons or organizations.

Total number and percentage of governance body members that have received training on anti-corruption, broken down by region.

Total number and percentage of employees that have received training on anti-corruption, broken down by employee category and region.

RECOMMENDATIONS

2.1When compiling the information specified in Disclosure 205-2, the reporting organization should:

2.1.1draw from the information used for Disclosure 405-1 in GRI 405: Diversity and Equal Opportunity 2016 to identify:

2.1.1.1the governance bodies that exist within the organization, such as the board of directors, management committee, or similar body for non-corporate organizations;

2.1.1.2the total number of individuals and/or employees who comprise these governance bodies;

2.1.1.3the total number of employees in each employee category, excluding governance body members;

2.1.2 Estimate the total number of business partners.

GUIDANCE

Guidance for Disclosure 205-2
In the context of this GRI Standard, the term 'business partners' includes, among others, suppliers, agents, lobbyists and other intermediaries, joint venture and consortia partners, governments, customers, and clients.

Background
Communication and training build internal and external awareness and the necessary capacity to combat corruption

Disclosure 205-3 Confirmed incidents of corruption and actions taken

REQUIREMENTS

The reporting organization shall report the following information:

Total number and nature of confirmed incidents of corruption.

Total number of confirmed incidents in which employees were dismissed or disciplined for corruption.

Total number of confirmed incidents when contracts with business partners were terminated or not renewed due to violations related to corruption.

Public legal cases regarding corruption brought against the organization or its employees during the reporting period and the outcomes of such cases.

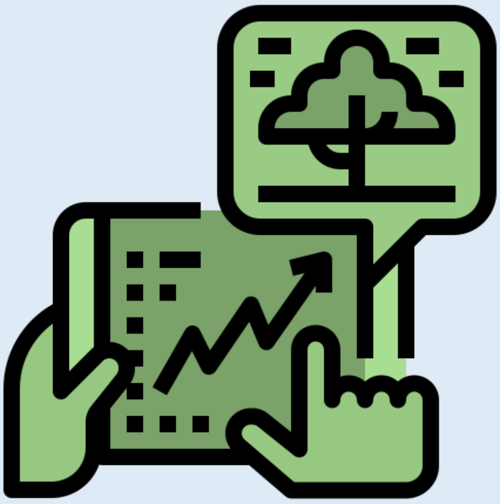
GUIDANCE

Guidance for Disclosure 205-3
For stakeholders, there is an interest in both the occurrence of incidents and an organization's response to the incidents. Public legal cases regarding corruption can include current public investigations, prosecutions, or closed cases.

Guidance for Disclosure 205-3-c
In the context of this GRI Standard, the term 'business partners' includes, among others, suppliers, agents, lobbyists and other intermediaries, joint venture and consortia partners, governments, customers, and clients.

Module 3

Sustainability Reporting: Elements, Issues and Challenges



Module 3: Sustainability Reporting: Elements, Issues and Challenges

Description

Sustainability reporting plays a crucial role in today's business landscape, where accountability and environmental awareness are paramount. It is not merely a trend but a strategic imperative for organizations to document their sustainability initiatives meticulously.

Despite the increasing focus on transparency, many companies face challenges in sustainability reporting, often falling short on key aspects. Collaboration, poor data quality, lack of integration and data standardization, and limited visibility into the supply chain are among the top hurdles that organizations encounter in this realm.

Key Elements of Sustainability Reporting

- Materiality Assessment
- Environmental Disclosures
- Social Disclosures
- General and Governance Disclosures
- Sustainability Initiatives, Efforts, and Progress
- Reporting Scope and Index
- Audit/Assurance

Challenges Faced by Organizations in Case of Sustainability Reporting: An In-Depth Analysis

India has seen unprecedented economic growth in recent years resulting in growing demand for natural resources and has also affected the environment. Sustainability Improvement, speaks about the challenges of reporting within an organization as it demands a lot of organizational effort to gather and monitor data. This can make it a challenging, time-consuming, and costly exercise.

Another challenge is the need for independent verification and assurance of reports to comfort stakeholders, management, and the board in mitigating the risks posed by sustainability issues. Only a fraction of reports is independently assured, however, just like reporting itself, the trend is positive and gives rise to optimism.

According to UK-based MNC findings, although Indian companies are proactive towards sustainable issues, there are still many issues –like

- *employment creation*
- *education*
- *health*
- *corporate/government collaboration*
- *land and displacement*
- *natural resource management*
- *climate change*
- *corporate governance*
- *solid waste, and water* –to be addressed by them.

Many organizations do not prioritize sustainability reporting, and some parties are opposed to regulation. Some business associations see the requirement for companies to disclose sustainability information as an increase in red tape, administrative burdens, and increased direct costs. Yet many companies will find the expenditure on their sustainability report to be far less significant than their expenditure on financial reporting, advertising, or PR. The costs of issuing a sustainability report vary.

Challenges to sustainability reporting

- Data collection from many different sources
- Unclear / rapidly evolving reporting standards and frameworks
- Sustainability reporting is time-consuming
- Low quality of Data
- New processes may feel uncomfortable, especially stakeholder engagement
- Lack of management support or understanding
- Mandating sustainability reporting places companies and stock exchanges at a competitive disadvantage
- The perception that stakeholders and investors do not read sustainability reports produced
- No clear financial return on investment

Best Practices for Overcoming Sustainability Reporting Challenges

- Time for senior management and other staff to discuss report contents
- Developing and implementing data-gathering systems
- Time for gathering and inputting data
- Implementing new processes and automation plus staff training on data collection
- Time for checking information
- Preparing the report itself, involving internal resources (time, capacity building, etc.), and potentially external resources – with Software
- External verification or auditing, if applicable
- Employee sensitization – ESG implementation Training
- Creating an ESG community in the organization

Common Challenges in BRSR Reporting and Way to Overcome Challenges

Companies frequently encounter significant challenges in BRSR reporting, impacting their ESG practices and overall business operations. Drawing from experience with the top companies, experts have identified key areas where corporations face hurdles. To assist in addressing these challenges effectively, sustainability advisors in India have developed comprehensive solutions aimed at enhancing ESG practices, ensuring accuracy in reporting, and showcasing commitment to sustainable and ethical business conduct.

General BRSR Reporting

Managing Data Consolidation Complexities

The challenge of effectively managing data consolidation from multiple sites and office locations is a significant one, demanding attention to detail and data management protocols. Companies are advised to establish seamless alignment across departments and regions, recognizing the complexities of amalgamating data from diverse sources to ensure accuracy and prevent inconsistencies or duplications.

Ensuring Comprehensive Data Collection

Another critical issue is incomplete data collection, akin to having an incomplete dataset which significantly hampers the accuracy of BRSR reporting. Many companies have implemented a robust framework to ensure comprehensive data collection that includes all operational sites. Some companies updated their existing internal software to align with BRSR information, while some chose to implement complete technological solutions specifically for BRSR data.

Handling Frequent Changes in Single Point of Contact (SPOCs)

The challenge presented by frequent changes in Single Point of Contact (SPOC) is not insignificant. Such alterations can disrupt the continuity and flow of data collection, leading to potential delays and inconsistencies. Maintaining a stable and consistent point of contact is crucial for the integrity of the data collection process. Some companies establish BRSR working groups of 4-5 people, ensuring a steady flow of the reporting process.

ESG Awareness and Training

A fundamental hurdle faced by companies is the lack of ESG awareness among on-ground staff regarding BRSR reporting. Without a comprehensive understanding of and proper training on ESG objectives, the data collected can often be marred by inaccuracies or incompleteness. Enhancing ESG awareness and training among staff is fundamental to ensure the accuracy and completeness of data collection. Investing in comprehensive training and awareness programs is essential for ensuring that data reflects the true state of the company.

Compliance and Legal Data

Developing an Effective ESG Framework Developing an effective ESG framework within an organization is essential as the absence of a dedicated framework or responsible board members can hinder governance reporting. Moving towards establishing a robust ESG governance structure, outlining clear objectives and strategies in areas of environmental sustainability, social responsibility, and ethical governance, is crucial for embedding these values into the organizational culture and decision-making processes. Many companies have addressed these challenges by forming a board-level ESG Committee. Some companies have added an ESG governance layer to their existing structure by assigning responsibility to representative senior management personnel to drive BRSR reporting.
Identifying and Filling Policy Gaps Policy gaps, particularly the absence of board approvals on existing policies, can lead to significant governance shortfalls. Addressing these gaps by developing comprehensive policies in line with all nine NGRBC principles, and ensuring board approvals on existing policies, is crucial. External expert views can also be considered for a well-rounded approach to BRSR policy formation.
Grievance Mechanisms for Stakeholders The lack of proper grievance redressal channels is a critical issue, potentially leading to reduced stakeholder trust and compliance challenges. Formulating grievance mechanisms for all stakeholder groups is important, despite having effective one-to-one channels of communication. Reporting on grievance mechanisms is mandatory in BRSR reporting, and establishing effective redressal mechanisms is essential for transparency and accountability. Most companies have grievance redressal methods in the form of point contact persons for stakeholders. However, companies have taken steps to formalize such mechanisms and publish them on their websites.

Environmental Data

Environmental Data Recording Gaps

Recording gaps, particularly in critical environmental metrics like water consumption, waste generation, or e-waste certificates, create significant voids in reporting. Establishing rigorous documentation processes and comprehensive data collection strategies across the organization ensures no critical metric is overlooked, maintaining the integrity of environmental reporting. Many companies have streamlined their environmental data collection from sites via their internal software. This reduces the duplicity of work, and assigning a maker-checker policy ensures correctness.

Recording of Waste-Related Data

Proper recording of waste-related data, including documentation and disposal mechanisms, is crucial. Extended on-site storage of waste without adequate documentation not only poses environmental challenges but also complicates BRSR reporting. Implementing stringent waste management protocols is imperative for both environmental stewardship and accurate reporting.

Reporting Fuel Consumption

The oversight in documenting details such as diesel or petrol usage for machinery, or not differentiating between mobile and stationary fuel source usage, can significantly skew emissions data, thus impacting the quality of the BRSR report. Addressing the lack of systems to record fuel consumption, as mandated by BRSR reporting, is essential. Precision in recording fuel consumption, and differentiating between mobile and stationary fuel source usage, is vital for an accurate assessment of the carbon footprint and emission metrics. These factors can have a significant impact on the quality and reliability of the BRSR report.

GHG Emissions

Inaccurate emission data, whether due to unrecorded air emissions, auditing lapses, or incorrect measurement units, can lead to both regulatory and reputational risks. Emissions data accuracy is crucial for businesses as investors and ratings agencies are specifically interested in the GHG emissions performance of the company and value it greatly.

Human Resources Data

Employee Turnover

The BRSR has prescribed a formula for turnover calculation, which differs from the internal formulas used by many companies. This leads to hesitation from company management to repost using the BRSR formula, as turnover is a critical discussion point in many forums. However, companies have opted to use the specified formula for BRSR reporting to ensure compliance and enable cross-company comparisons, leading to greater transparency, a key goal of BRSR reporting.

Recording Training Sessions

The lack of comprehensive recording of training sessions adversely impacts ESG performance. Bolstering training programs and meticulous documentation is imperative to reflect the commitment to the social aspects of ESG.

Operational Health and Safety Data

Health and Safety Incidents

Inconsistent recording of health and safety incidents, such as injuries or fatalities, across different sectors compromises the integrity of the BSRS report. Introducing measures to consistently record health and safety incidents across is crucial. Implementing a uniform and comprehensive reporting mechanism and assigning personal responsibility to the OHS team are the first steps in accurate reporting in the BRSR.

Value Chain Data

Involving Value Chain Partners in BRSR Reporting

Including value chain partners in BRSR and ESG reporting is important. The oversight of including these partners in governance policies or the lack of clear ESG targets can dilute the efficacy of governance initiatives. Extending governance policies throughout the value chain and setting definitive ESG goals ensures comprehensive governance practices.

Community Data

Reporting CSR Impact

Reporting on the impact and reach of Corporate Social Responsibility (CSR) initiatives is vital. While financial contributions to CSR are often well-documented, the absence of detailed beneficiary information or impact metrics can lead to gaps in reporting. Expanding documentation to include detailed beneficiary information and impact metrics is crucial for a complete understanding of CSR impact, addressing gaps often found in reporting.

India's inaugural journey into BRSR reporting has been a revealing and transformative one for its corporate sector. The experience, rich in challenges ranging from data management complexities to environmental and HR data intricacies, has provided valuable lessons. Companies have navigated these challenges with strategic adaptations, implementing robust frameworks, enhancing ESG awareness, and fostering comprehensive compliance. The process has underscored the necessity of a holistic approach to BRSR reporting, one that necessitates meticulous attention to detail and an unwavering commitment to transparency and ethical governance.

As Indian corporations continue to evolve in their BRSR journey, these insights lay the groundwork for more refined and effective sustainability practices, heralding a new era of responsible business conduct that aligns with global standards and stakeholder expectations.

Overcoming Challenges through Utilizing Software Solutions

Comprehensive tools helping operating companies to facilitate net-zero, ESG, and impact initiatives to overcome sustainability reporting challenges. This also integrates open methodologies, seamless data sharing, and auditable reporting.

ESG REPORTING

Sustainability report, clients showcase sustainability, attract stakeholders, and comply with regulations

- Materiality assessment for key **ESG issues identification.**
- Comprehensive **evaluation of current ESG practices.**
- Report production **adhering to BRSR regulations.**

Benefits

- **Reputation Building:** Demonstrates a commitment to responsible business practices.
- **Investor Attraction:** Appeals to socially responsible investors.
- **Risk Management:** Identifies and mitigates ESG-related risks.

- **Stakeholder Trust:** Builds trust with customers, employees, suppliers, and the community.
- **Market Competitiveness:** Provides a competitive edge in sustainability-focused industries.
- **Regulation Compliance:** Ensures compliance with regulatory requirements.

CARBON FOOTPRINT

The Solutions reduces clients CO2 emissions and strengthens their relationships within supply chains

- Advanced tracking to monitor **emissions across the organization's entire supply chain.**
- Transparent reporting of **carbon footprints at institutional and product levels.**
- Implementation of **initiatives to reduce carbon emissions.**

Benefits

Visibility of the organization's environmental impact, including actionable recommendations to easily and effectively improve the bottom line.

- CO2 certificated according to ISO 14064 (Organization) and ISO 14044 (Product)
- PDF Reports Generation
- Industry Carbon Footprint Benchmarking
- Auditable results with Actionable recommendations

ORIGIN TRACKING

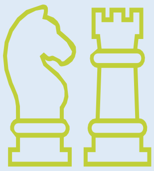
Using tracking tool, clients can comply with requirements for trading sustainable products

- Deforestation and **biodiversity** loss tracking
- Comprehensive farm and risk assessments for each producer to **ensure alignment with compliance standards.**
- **Support for diverse certification standards, meeting various regulatory needs.**

Benefits

Assisting exporters and importers in providing proof of origin for their products to ensure the eligibility of product entry into importing markets.

- Origin location validation via satellite imagery through cooperation with World from Space.
- User-friendly application for tracking upstream production collection from farmers, eliminating the need for mobile data.
- Monitoring the entire value chain, from farmers to SMEs, traders, and large downstream operators, through one platform.



SUSTAINABLE SUPPLY CHAIN

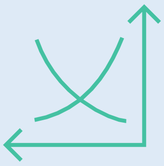
It helps clients monitor the entire supply chain including suppliers and any other affiliate third parties

- A thorough analysis of the **organization's supplier's and third parties' carbon footprint and sustainable business practices.**
- Benchmarking against **competitors and best-in-class standards.**

Benefits

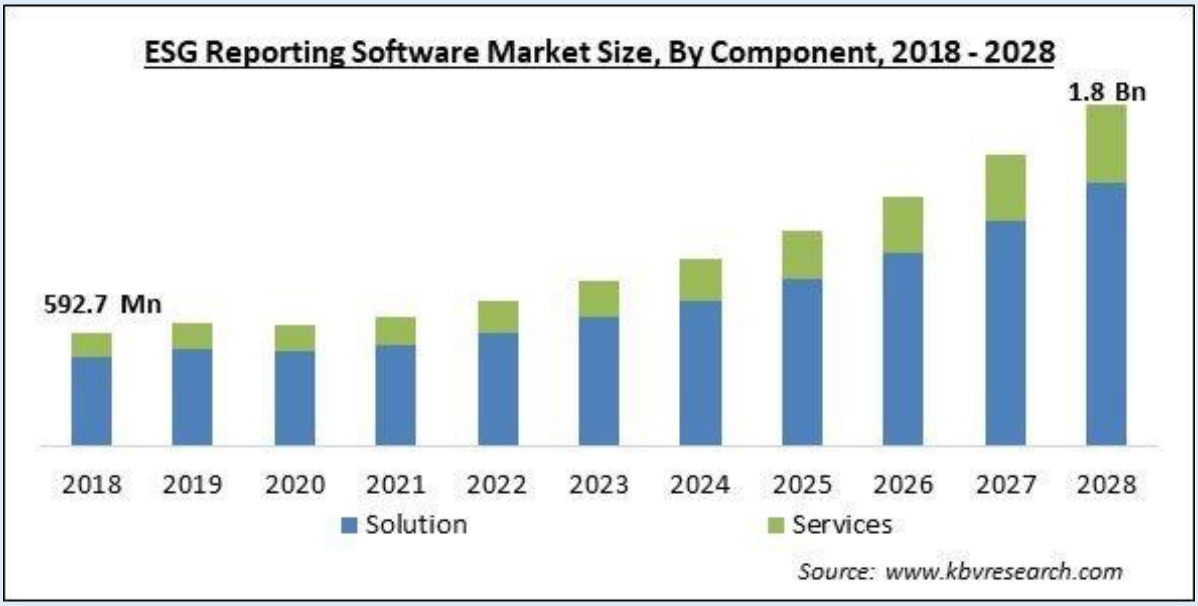
Monitor and engage thoroughly suppliers through a dedicated platform that not only gathers data but more importantly engages with suppliers by providing them with recommendations and education.

- This ultimately increases the data quality of GHG Scope 3.
- It also has a direct impact on the overall reduction from the tracking of the taken activities by suppliers.
- Furthermore, it demonstrates the organization's commitment to not only collect data but also help the supply chain.
- On top of this, the organizations can also benchmark suppliers with each other and monitor the supply chain with data.



GREEN FINANCE

Preparing **Green Finance Framework**, selecting the right project, and providing **third-party external opinion** on Green Finance by the selected Green Bond or Green Finance methodology



Discussion on corruption as a significant challenge and strategies to mitigate it

Worldwide Industries are convinced of the negative impact of corruption, which obstructs economic growth and development, erodes public confidence, legitimacy, and transparency, and hinders the making of fair and effective laws, as well as their administration, enforcement, and adjudication, and therefore stress the importance of the rule of law as an essential element in addressing and preventing corruption, including through strengthening cooperation among States concerning criminal matters.

Challenges of Anti-Corruption

To understand the challenges of anti-corruption, we should know the cause of corruption first. Some causes of corruption are regulations, provision for goods and services at below-market prices, level of bureaucracy, level of public sector wages, etc. To eradicate corruption, e-Governance is the best option but still lacks some strategies to implement this. The challenges of anti-corruption can be broadly explained but we can elaborate them in terms of legal and operational challenges.

Legal challenges include the definition of corruption by an act, a poor conception of the meaning of corruption, and a limited Global Anti-corruption mandate concerning law enforcement.

These operational challenges cover operational parameters, coordination, and harmonization challenges facing the investigation initiatives, lack of anti-corruption programs, etc.

In summary, the challenges of Anti-corruption can be pointed out as

Lack of understanding of the law enforcement officers on duties and responsibilities
Lack of morality of apparatus
Lack of functioning supervisory institutions

It is necessary to strengthen the anti-corruption regulatory agencies. There is a need to have a macro perspective and commitment and a corresponding dynamism for mitigating the impact of corruption in the economic and social aspects of society and it needs to be reflected in the behavior.

ANTI-CORRUPTION

Strategies to Prevent Corruption

Step 1: Commit to an Anti-Corruption Program 'From the Top'

Overview: Companies should adopt an anti-corruption program as an expression of core values of integrity and responsibility as well as to effectively counter corruption.

An effective program requires oversight, leadership, and support from the Board of Directors (or equivalent) and senior management.

The commitment should be expressed formally through a written statement published internally and externally.

Business Requirements:

- The owners/shareholders, chairman, or Chief Executive Officer publishes a statement of the organization’s commitment to anti-corruption business principles, e.g.:
    - “The enterprise shall prohibit corruption in any form whether direct or indirect.”
    - “The enterprise shall commit to implementing a program to counter corruption.”
    - The commitment is communicated and adopted throughout the organization in operational (e.g. procurement) and key support (e.g. Finance & Controlling) departments, as well as to external stakeholders worldwide.
- Sufficient resources are allocated to ensure implementation or review of the anti-corruption program, which may include the setup of an independent, cross-functional project team.
- Commitment from the business’s senior management should be renewed on a periodic and regular basis (e.g. yearly).
- A “culture of integrity” is fostered from the top down.

Tools

- Business Principles for Countering Bribery outline the scope of an anti-bribery program and minimum implementation requirements.

- Business Principles for Countering Bribery –the scope of an anti-corruption program and its implementation requirements, tailored to the needs of Micro, small, and medium-sized enterprises (SMEs).

The Business Principles are not only relevant in the Commit phase but apply throughout all other phases of the Business Integrity Framework.

Step 2: Assess the Current Status and Risk Environment

Overview: Before a business develops and implements its anti-corruption program, it conducts a risk assessment.

The risk assessment aims to identify areas of greatest inherent risk (for example along geographic or functional lines) and evaluate the effectiveness of existing risk-mitigating measures.

As a result, the business can prioritize and allocate resources appropriately to the areas of greatest risk.

Business Requirements

- The risk assessment identifies inherent risks of corruption by:
  - industry,
  - the countries in which the business operates, and
  - business-specific corruption risks, such as the procurement processes, interaction with public officials, utilization of intermediaries, political contributions, facilitation payments, etc.
- Also, the risk assessment evaluates the effectiveness of existing risk-mitigating measures to determine the residual risks of corruption in the business.
- Finally, the risk assessment takes into consideration:
  - changes in the legal environment,
  - new or increased risk exposure,
  - technological developments (e.g. continuous auditing), or
  - past experience (e.g. internal audit reports, incidents).

Tools

- The Anti-Bribery Checklist helps businesses carry out a high-level assessment of their anti-corruption approach.
- The Corruption Perceptions Index supports businesses to understand the perceived level of corruption in a particular country among public officials.
- The Global Corruption Barometer assesses general public attitudes towards and experience of, corruption in dozens of countries around the world.

Step 3: Plan the Anti-Corruption Program

Overview: After completing its risk assessment, a business lays the foundation by developing a plan of action.

Policies and procedures are developed defining the scope and activities of the anti-corruption program.

The policies and procedures should be available throughout the organization and be issued in the main languages of all employees.

The program should address the most prevalent forms of corruption relevant to the business, but at a minimum should cover the following areas:

- Corruption within the business (Examples: Fraud, Conflicts of Interest, Insider Trading)
- Corruption in the supply chain (Examples: Bribery, Extortion)
- Corruption in the market environment (Example: Collusion)
- Corruption in society (Example: Undue influence)
- Laundering the proceeds of corruption (Example: Money Laundering)

Business Requirements

- Detailed policies, processes, training materials, and guidance that form the basis for the detailed implementation in the next step are drafted (or reviewed):
    - Who is responsible for ensuring compliance with and monitoring the program (e.g. compliance officer, internal audit)?
    - Do existing policies need to be adapted (e.g. employee incentive structures)?
    - What monitoring controls are needed?
    - How will suggestions and complaints be handled?
    - How will the program be communicated to internal and external stakeholders?
    - To what extent will external assurance and reporting be used?
    - What recordkeeping systems need to be put in place?
- The policies and procedures should be reviewed and approved by management, employee representatives, and (if appropriate) external stakeholders.
- The detailed implementation plan (including objectives, resources, and timetable) must be drafted and approved by all relevant parties before proceeding to the next step.

Step 4: Act on the Plan

Overview: After planning an anti-corruption program, the written words need to be translated into visible actions.

This is a key step in the overall framework, as it is Transparency International's experience that while many businesses have well-planned programs, they fall short of effective implementation.

Controls must be tempered in consideration of the trustworthiness and competence of stakeholders.

Business Requirements

- The policies and procedures need to be integrated into the organizational structures:
    - Implement policies and procedures (e.g. internal checks and balances)
    - Develop supporting systems (IT, etc.)
    - Communicate the program (e.g. CEO announcement, workshops, newsletter)
    - Identify 'local champions' to support the implementation
    - Deliver training (Customized)
    - Provide supporting tools and guidance (e.g. self-assessment survey for high-risk departments)
    - Address concerns and issues (e.g. FAQ)
- Furthermore, the capacity of internal functions needs to be reviewed and (if necessary) strengthened (e.g. building an international law repository):
    - Support functions (legal, finance, internal audit, human resources, etc.)
    - Operational functions (procurement and supply chain management, marketing, sales, etc.)

Tools:

Resisting Extortions and Solicitations or Right to Information supports businesses in establishing training on how to respond to an inappropriate demand by a client, business partner, or public authority most efficiently and ethically.

The self-study e-learning course Doing Business Without Bribery provides best-practice anti-bribery training and enables companies to benchmark their training programs.

Step 5: Monitor Controls and Progress

Overview: Implementing an anti-corruption program is not a one-time event; it needs to be followed up through regular periodic evaluation (monitoring).

Monitoring ensures that strengths and weaknesses are identified and that the program is continuously improved to remain effective and up-to-date (change management activities).

Internal and external monitoring must be undertaken.

Business Requirement:

- Responsibility for the monitoring of the overall anti-corruption program needs to be assigned clearly and resources made available.
- The progress of the overall program needs to be continuously monitored (e.g. internal employee self-evaluations, automated controls monitoring).
- The management of the company (e.g. Board of Directors, Audit Committee) must review the results of internal and external reviews and ensure that required changes are implemented appropriately and promptly.

- In addition to internal monitoring and traditional external auditing processes, external independent assurance should be considered to provide further security to management and stakeholders regarding the effectiveness of the anti-corruption program.

Tools

- The Assurance Framework for Corporate Anti-bribery Programmes seeks to strengthen and lend greater credibility to their anti-corruption programs through the use of voluntary independent assurance.

- The **Self-Evaluation Tool** helps businesses to determine where they stand with their anti-corruption program and identify improvements, based on an easy-to-use checklist that comprises an in-depth and extensive range of all indicators.

Step 6: Report Internally and Externally on the Programme

Overview: Reporting on the anti-corruption program demonstrates the sincerity of the company's commitment and demonstrates how values and policies are being translated into action.

- Reporting on anti-corruption raises awareness among employees and provides a means of control and discipline for the management.
- Reporting on anti-corruption positively influences a business's reputation in the marketplace and society.
- Reporting on anti-corruption establishes a common language to measure, compare, discuss, and improve anti-corruption activities and practices.

Reporting not only reassures internal and external stakeholders that the business is operating properly but can also act as a deterrent to those intending to bribe or solicit bribes.

Business Requirement:

- Information about the program needs to be regularly communicated to relevant internal and external stakeholders, e.g.:

    - how the program is being implemented,
    - employee perceptions and attitudes to the company's anti-corruption stance and performance,
    - numbers of inquiries or issues raised through the help and whistle-blowing channels,
    - numbers and types of violations detected as well as corrective action undertaken,
    - sanctions applied and transactions abandoned because of corruption incidents etc.

- Implementation experiences should be discussed with external stakeholders and peer groups to share good (and bad) practices and learn from each other (e.g. through participation in voluntary anti-corruption initiatives).

Tools

- The report Transparency in Corporate Reporting: Assessing Emerging Market Multinationals assesses the extent to which 100 leading emerging market companies report on the strategy, policies, and management systems they have in place for combating bribery and corruption.

- The report Transparency in Corporate Reporting: Assessing the World's Largest Companies assesses the extent to which 105 leading global companies report on the strategy, policies, and management systems they have in place for combating bribery and corruption.

Module 4

Understanding Sustainable Supply Chains in the Context of BRSR

Training Programme to enhance capacities of suppliers of Large Companies on Business Responsibility and Sustainability Reporting

Module 4: Understanding Sustainable Supply Chains in Context of BRSR

Description

Organizations are navigating the landscape of sustainable practices by focusing on effective reporting on BRSR Core parameters. The initiative streamlines the process for smaller entities within supply chains to align with listed organizations. While challenges persist for larger firms in managing data aggregation and partner involvement, the rewards of showcasing commitment to responsible sourcing are undeniable.

Course contents

Introduction to the sustainable supply chain in the context of BRSR

SEBI's Business Responsibility and Sustainability Reporting (BRSR) mandate has taken a significant step forward. While the top 1000 companies have been required to file BRSR reports for the past two years, this year brings an expansion of the initiative. Now, the top 250 companies must also include the top 75% of their supply chain partners in the reporting process by requiring them to complete the BRSR Core questionnaire. This presents a unique opportunity for companies to collaborate with their suppliers and promote sustainability throughout their entire supply chain. And it's not only the regulators, even customers and investors looking at a company's sustainability disclosures have started requiring supply chain engagement.

However, navigating this new requirement can be complex. This module will guide you through implementing BRSR Core amongst your value chain partners, establishing a robust value chain sustainability program, and fostering a long-term vision for environmental and social responsibility.

Understanding the BRSR core

The BRSR Core is a sub-set of the BRSR, consisting of a set of Key Performance Indicators (KPIs) under 9 ESG attributes:

- Greenhouse gas (GHG) footprint
- Water footprint
- Energy footprint
- Embracing circularity - details related to waste management
- Enhancing Employee Wellbeing and Safety
- Enabling Gender Diversity in Business
- Enabling Inclusive Development
- Fairness in Engaging with Customers and Suppliers
- Open-ness of business

The most important BRSR core clarification as per SEBI

Assurance provider: The Board of the listed entity shall ensure that the assurance provider appointed for assuring the BRSR Core has the necessary expertise for undertaking reasonable assurance in the area of sustainability.

Assurance provider - Conflict of interest: The Circular lays down the over-arching principle that there should not be any conflict of interest with the assurance provider appointed to assure the BRSR Core.

In case an assurance provider sells its products or offers any non-audit or non-assurance services to a listed entity or its group entities, irrespective of whether the nature of the product/service is financial or non-financial, it will not be eligible to undertake assurance of the BRSR Core.

Activities by an assurance provider: Activities that are like audit/assurance such as providing third-party certifications, tax audit, system audit, and tax filing, etc. can be undertaken by an assurance provider for the BRSR Core for the listed entity or its group entities, if the listed entity determines that they do not pose any conflict of interest or compromise the independence of the assurance provider.

However, activities such as risk management, project management, management and consulting services, investment advisory services, investment banking services, design and implementation of information systems, rendering of outsourced financial services, actuarial services, accounting and bookkeeping services cannot be undertaken by an assurance provider for the BRSR Core for the listed entity or its group entities. It may be noted that this is an indicative and not an exhaustive list.

Note: the internal auditor of a listed entity or its group entities, cannot be appointed as the assurance provider for the BRSR Core.

Statutory auditor of a listed entity as an assurance provider: The statutory auditor of a listed entity can be appointed as the assurance provider for the BRSR Core.

Holding company: For this Circular, the term "group" means the holding company, subsidiaries, associates, and joint ventures of the listed entity.

Associates" of an assurance provider: In case the assurance provider is a firm or a corporate entity, its associate would include any of its partners, its parent, subsidiaries, associates, and any entity in which the assurance provider, its parent, or partner has significant influence or control. In the case of a Chartered Accountant firm, "associate" shall also include all entities in the network firm/network entity of which the assurance provider is a part.

In case the assurance provider is an individual, the associate shall include any immediate relative (as defined in the Companies Act, 2013) of the person and any entity in which such individual/s has significant influence or control.

Assurance Standard: The Circular does not mandate or recommend the use of any specific assurance standard. The assurance provider may appropriately use a globally accepted assurance standard on sustainability / non-financial reporting such as the International Standard on Assurance Engagements (ISAE) 3000 or assurance standards issued by The Institute of Chartered Accountants of India (ICAI), such as the Standard on Sustainability Assurance Engagements (SSAE) 3000 or Standard on Assurance Engagements (SAE) 3410 "Assurance Engagements on Greenhouse Gas Statements". Further, disclosure should be made of the assurance standard that is used.

Building an Effective Supply Chain Sustainability Program

Integrating BRSR Core into supplier management strategy requires a structured approach. Here are some key steps to consider:

- **Supply Chain Sustainability Strategy:** The first step is to create a holistic supply chain sustainability strategy. Before rolling out the assessments amongst suppliers, companies need to consider the supply chain sustainability requirements from customers and investors or the Government as well. The company can also include the principles from its Sustainable Procurement Policy and Supplier Code of Conduct.

- **Build Alignment:** Build alignment with suppliers by providing them training on the company's supply chain sustainability strategy and their role in it. BRSR Core requires suppliers to provide Scope 1 and 2 emissions data - that can be a technical topic. Building a partnership with them to guide them through the technicalities of ESG is ice-breaking.

- **Share Assessments:** For the BRSR Core, companies need annual data from suppliers, to ensure the same rolling out of the assessments is important.

- **Dialogue:** Build dialogues to identify ways in which suppliers can improve their performance year on year. If they don't have processes to capture any particular type of ESG data, companies need to guide them accordingly.

Supply chain sustainability best practices to implement at business

Communication and Collaboration

- Communicate the BRSR mandate and its implications to supply chain partners. Explain the BRSR Core questionnaire and its purpose.
- Provide training and support to suppliers to help them understand the BRSR Core questions, especially the technical topics of Scope 1 and 2 emissions, and how to complete them accurately.
- Establish open communication channels to address any questions or concerns your suppliers may have.

Phased Approach

Instead of limiting the supply chain sustainability strategy to the top 75% of suppliers, companies need to extend it to the entire supply chain over time.

Leveraging Information Technology (IT) Platforms

Online assessment management: These platforms can act as a single source of all supplier's sustainability data. Suppliers can access and complete the BRSR Core questionnaire through the platform itself without the need for the company's interventions to circulate and collect multiple Excel sheets.

Data collection and analysis: These platforms can aggregate and analyze data from suppliers, providing valuable insights into overall supply chain sustainability performance.

Integrated reporting: These platforms can create a company's BRSR report and collect BRSR Core data from suppliers, simplifying compliance processes.

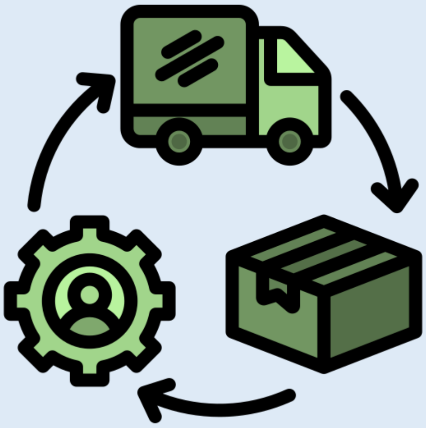
Ease for suppliers: User-friendly for suppliers as they simplify complex topics like Scope 1, 2, and 3 emissions, water intensity, waste intensity, etc.

Incentivizing Participation

- Explore ways to incentivize suppliers to actively participate in the Supply Chain Sustainability program. This could involve offering early payment discounts, extending contract lengths, or providing access to training resources.
- Recognize and reward suppliers who demonstrate strong sustainability practices.

Continuous Improvement

- Capability Building, regular review, and update implementation strategy based on feedback from suppliers and assessments.
- Use the data collected through the program to identify areas for improvement within the organization's operations and those of suppliers.



Analysis Of Sustainable Supply Chains in the Context of BRSR

ESG Disclosures for Value Chain

Value Chain under the BRSR Core has been defined as, "the top upstream and downstream partners of a listed entity, cumulatively comprising 75% of its purchases/sales (by value) respectively." It stipulates that disclosures for the value chain shall be made by the listed company as per BRSR Core, as part of its annual report. The listed entities shall report the KPIs in the BRSR Core for their value chain to the extent it is attributable to their business with their value chain partner. Such reporting may be segregated for upstream and downstream partners or can be reported on an aggregate basis.

Analysis: Pros And Cons

SEBI's implementation of ESG disclosure requirements for value chains is highly relevant in the current context, as this mandate ensures the participation of smaller businesses and intermediaries, such as the micro, small, and medium enterprise (MSME) sector, in adhering to the disclosure standards.

The implementation of ESG reporting standards would be facilitated by the integration of KPIs that particularly target the Indian markets, embracing both present and upcoming industries.

The implementation of BRSR Core is in line with the recommendations made by the Committee on Business Responsibility Reporting of the Ministry of Corporate Affairs (MCA). The Committee suggested using "BRSR Lite" to convey the ideas of sustainable reporting to unlisted business entities.

As it requires a smaller number of characteristics and does not call for detailed disclosures of ESG aspects, BRSR Core can be seen as a reduced version of BRSR Comprehensive. Therefore, it is advantageous for small-scale enterprises to adopt the framework early on.

The BRSR Core format is also distinct from the BRSR main format since it encompasses KPIs that are not addressed within the regular BRSR format. Therefore, just receiving reasonable assurance for BRSR Core does not guarantee the overall reliability of the full BRSR disclosure. It solely enhances the reliability of BRSR Core parameters. This specific approach is anticipated to result in a significant bias towards BRSR Core inside internal ESG procedures.

Investors may find the Core ESG rating to be a potential distraction, particularly considering the availability of two full ESG ratings. These ratings include one that is based on current global rating schemes and another that incorporates India-specific criteria, as per the decision made by the SEBI board.

The gathering and analysis of data might present a significant difficulty when it comes to the disclosure of information. Due to a wide range of factors, value chain partners would probably employ various methods of data collection and processing. This poses difficulties for the listed businesses in acquiring data for all KPIs. Monitoring and obtaining "third-party endorsed data" from a diverse range of value chain partners can be a challenging task due to the existence of disclosure laws.

The phased timeline for implementation of the proposed steps is as follows

Financial Year	Applicability of BRSR Core to top listed entities (by market capitalization)
2023 – 24	Top 150 listed entities
2024 – 25	Top 250 listed entities
2025 – 26	Top 500 listed entities
2027 – 28	Top 1000 listed entities

Essential Pillars for Supply Chain Sustainability

- **Sustainability Expertise:** Paving the Path to Supply Chain Success
- **Technology:** Streamlining Data Collection and Analysis
- **Engagement:** Fostering Collaborations and Promoting Transparency
- **Action:** Connecting with Ecosystem Partners and Building Trust

Format of BRSR Core with a case study. Please refer case studies section

Value Chain Reporting Amendments

Recommendations of the expert committee for facilitating ease of doing business concerning Business responsibility and sustainability reporting

Regulation 34(2)(f) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("LODR Regulations") is proposed to substitute "assurance" with "assessment":

"For the top one thousand listed entities based on market capitalization, a Business Responsibility, and Sustainability Report on the environmental, social, and governance disclosures, in the format as may be specified by the Board from time to time:

Provided that the assurance assessment of the Business Responsibility and Sustainability Report Core shall be obtained, with effect from and in the manner as may be specified by the Board from time to time:

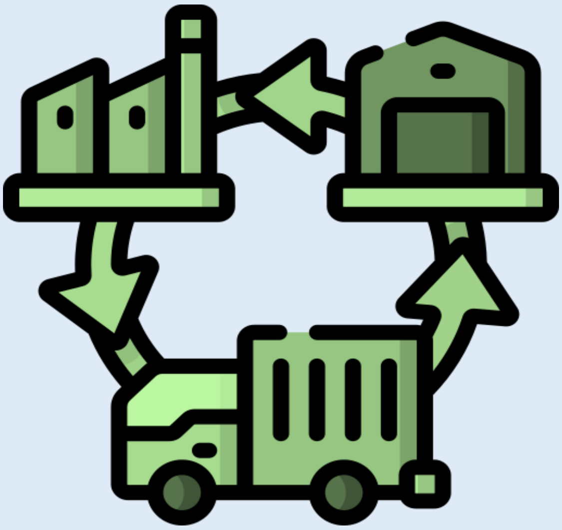
Provided further that the listed entities shall also make disclosures and obtain assurance assessment as per the Business Responsibility and Sustainability Report Core for their value chain, with effect from and in the manner as may be specified by the Board from time to time:

Provided further that the remaining listed entities, including the entities that have listed their specified securities on the SME Exchange, may voluntarily disclose the Business Responsibility and Sustainability Report or may voluntarily obtain the assurance assessment of the Business Responsibility and Sustainability Report Core, for themselves or their value chain, as the case may be.

Explanation-1: For this clause:
(i) market capitalization shall be calculated as on the 31st day of March of every financial year;
(ii) Business Responsibility and Sustainability Report Core shall comprise such key performance indicators as may be specified by the Board from time to time;
(iii) "value chain" for the listed entities shall be specified by the Board from time to time."

Module 5

Implementing Sustainability Best Practices in the Supply Chain



Training Programme to enhance capacities of suppliers of Large Companies on Business Responsibility and Sustainability Reporting

Module 5: Implementing Sustainability Best Practices in the Supply Chain

Description

Supply chain sustainability is crucial for corporate responsibility. Organizations are recognizing the importance of managing social, environmental, and economic impacts in their supply chains. Combatting corruption is not just the right thing to do but also makes good business sense.

Starting a supply chain sustainability journey is driven by various reasons. Compliance with laws and regulations, as well as supporting international principles for sustainable business conduct, are primary motivators. Additionally, businesses are taking action to improve social, economic, and environmental impacts due to societal expectations and the business benefits associated with such initiatives.

Through enhancing environmental, social, and economic performance, along with good governance in their supply chains, organizations are not only serving their interests but also those of their stakeholders and society as a whole.

Course contents

How Environmental, Social, and Economic Impacts Exist Throughout Every Stage of Supply Chains

With the majority of companies increasing their emphasis on sustainability, approaches to supply chains have evolved over the past several years. Supply chains are core activators for organization-wide sustainability goals and commitments. Additionally, companies are investing in new processes and discovering how to use emerging technologies in their sustainable supply chain programs.

“Supply chain sustainability” is the management of environmental, social, and economic impacts, and the encouragement of good governance practices, throughout the lifecycles of goods and services.

About Supply Chain Sustainability & the United Nations Global Compact

The Global Compact encourages participants to engage with suppliers around the ten principles and to advance sustainable development objectives as part of their commitment to the Global Compact, thereby spreading good corporate citizenship practices throughout the global business community. As the table below outlines, the ten principles are also intricately tied to sustainability in supply chains.

In this module, participants will learn the relationship to supply chain sustainability with all ten principles.

The Ten Principles of the UN Global Compact

- **Human Rights**
  - ☐ *Principle 1:* Businesses should support and respect the protection of internationally proclaimed human rights; and
  - ☐ *Principle 2:* make sure that they are not complicit in human rights abuses.
- **Labour**
  - ☐ *Principle 3:* Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
  - ☐ *Principle 4:* the elimination of all forms of forced and compulsory labour;
  - ☐ *Principle 5:* the effective abolition of child labour; and
  - ☐ *Principle 6:* the elimination of discrimination in respect of employment and occupation.
- **Environment**
  - ☐ *Principle 7:* Businesses should support a precautionary approach to environmental challenges;
  - ☐ *Principle 8:* undertake initiatives to promote greater environmental responsibility; and
  - ☐ Principle 9: encourage the development and diffusion of environmentally friendly technologies.
- **Anti-Corruption**
  - ☐ *Principle 10:* Businesses should work against corruption in all its forms, including extortion and bribery.

Business Drivers for Supply Chain Sustainability

Managing business risks:

- Minimize business disruption from environmental, social, and economic impacts
- Protect the company's reputation and brand value

Realizing efficiencies:

- Reduce cost of material inputs, energy, transportation
- Increase labour productivity
- Create efficiency across supply chains

Creating sustainable products:

- Meet evolving customer and business partner requirements
- Innovate for changing market

How to start supply chain sustainability initiatives

- While each company will have its distinct reasons for embarking on a sustainable supply chain program, we offer five actions to kick-start the Business journey:
- Determine how sustainable supply chains fit into your organization-wide commitments (e.g., science-based target (SBT) activation, supplier diversity, etc.) to help prioritize your goals
- Improve the visibility and traceability of your supply chain
- Expand your ROI measurement to include intangible impacts and sustainability outcomes
- Move beyond a sourcing/procurement focus to capture benefits across the end-to-end supply chain
- Leverage available incentives and grants

How to Improve Supply Chain Sustainability

- Reduce Emissions from Transportation and Logistics
- Increase the Use of Recycled and Renewable Materials
- Improve Supplier Relationship Management (SRM)
- Increase Transparency
- Implement Sustainable Procurement Policies
- Invest in Renewable Energy Sources
- Increase Collaboration
- Promote Sustainability Education
- Measure and Report Environmental Performance
- Invest in Green Technology
- Support Local Communities
- Establish Sustainability Goal
- Adopt Ethical Labor Practices
- Reduce Waste
- Develop Sustainable Packaging
- Use Data and Analytics

Mapping the Supply Chain

- Identify major products and service categories to map
- For each product or service category, trace the flow of materials and information
- Gather information on human rights, labour, environmental, and corruption issues at every step of the supply chain

Segmenting the Supply Chain

With a more complete understanding of the company's supply chain, we can begin to segment suppliers to determine how to commit resources to improve sustainability. Segmentation allows companies to focus on the most critical elements of the supply chain. Good segmentation is a balance between acknowledging that some risks will always exist and that specific risks need to be addressed to avoid negative impacts on business and society.

- Risk to Society: Identify the biggest risks to human rights, labour, the environment, and ethics in the supply chain
- Business Risk: Identify the risks in the company's supply chain that could impact the company's ability to do business and meet the vision set forth for supply chain sustainability
- Risk to Economic Development: Identify the risks for the exclusion of small and medium-sized enterprises (SMEs) when introducing code demands, monitoring, and auditing schemes

Tools for Engaging with Suppliers on Sustainability

Setting Expectations: Communicate about your sustainability expectations to suppliers. Incorporate expectations, including the code of conduct, into contracts.

Monitoring & Evaluation: Ask suppliers to self-assess their sustainability performance. Conduct on-site evaluations of performance.

Remediation & Capability Building: Ask suppliers to address issues of poor performance. Provide training, resources, and support to improve sustainability management and performance.

Partnership: Support supplier ownership to address the root causes of poor sustainability performance.

Creating Incentives for strong sustainability performance

- Reducing the number of audits conducted
- Establishing a preferred supplier program
- Increasing business with the supplier
- Providing recognition and awards
- Allowing participation in strategic buyer/supplier planning meetings
- Sharing costs for sustainability improvements
- Assisting with capability building

Effective audits are driven by a variety of factors including:

- Preparation and knowledge of factory, workers, and community before a visit
- Maintaining independence from management for credibility with workers
- Selecting a random sample of workers to interview during all parts of the assessments
- Holding informal conversations with workers during times and in locations where they are comfortable and secure
- Gathering enough information to ensure an understanding of factory conditions
- Documenting information and assessing workers' credibility
- Validating information from workers with other sources
- Always being aware of the need to protect workers' confidentiality and safety

Components of supply chain audit

- **Management Interview:** Discussion of management systems, wages paid, working hours, etc.
- **Facility Tour:** Visual inspection of facility for obvious non-compliance.
- **Worker Interviews:** With a representative sample of employees regarding working conditions.
- **Records Review:** Checking employee files, timecards, health and safety records, etc.

Opportunities in Supplier Capability Building

- Integrating learning and capability building into the auditing process
- Providing supplier or worker training on major areas of non-compliance
- Providing tools that suppliers can access and use independently
- Creating or supporting a learning network of suppliers

The Elements of Internal Responsibility for Supply Chain Sustainability

- Executive Leadership: Commitment, Oversight and Support
- Supply Management Professionals: Implementation
- Business Managers: Cross-Functional Coordination

Implementation by Supply Management Professionals

Supply management professionals have three primary levers for moving the needle on supply chain sustainability:

- Selecting new suppliers with relatively high sustainability capabilities and practices
- Engaging with existing suppliers to set and raise expectations and ensure continuous improvement in performance
- Integrating sustainability considerations in sourcing decisions such as consolidating purchases and winding down product or service lines

Selecting Suppliers

During the due diligence process of selecting suppliers, companies can include social and environmental management and performance criteria alongside commercial criteria.

- **Mutual transparency**. Companies should expect that suppliers will openly and honestly share information related to their sustainability performance. In return, companies should provide clear expectations and guidance as well as advanced notice of changing policies or practices to suppliers.

- **Realistic timelines**. Companies should carefully consider what their minimum requirements are, e.g. legal compliance, and what is a realistic timeline for improvements that go beyond the minimum requirements.

- **Continuous improvement**. Companies can work with suppliers toward management excellence for sustainability and should define excellence in this context. Companies can also help suppliers develop management capacity by providing access to resources.

- **Partnership**. Companies should commit to enabling open lines of communication with suppliers between decision-makers of both parties. Customers can work in partnership with suppliers to clearly define roles and responsibilities and to create and achieve mutually agreeable goals.

Industry Collaboration & Multi-Stakeholder Partnerships

The Context for Industry Collaboration

Many leading companies have come to see collaboration as an important element in addressing the root causes of sustainability issues. In addition, collaborative efforts represent a way for smaller companies with fewer resources to take action and contribute to further supply chain sustainability. Two primary types of industry collaboration have emerged:

- Best Practice Sharing
- Joint Standards and Implementation

Opportunities and Risks of Industry Collaboration

Industry collaboration can create significant efficiencies for suppliers and companies, but it also comes with some risks.

Opportunities

- Leverage with Suppliers
- Credibility with stakeholders
- Resource sharing

Risks

- Internal commitment
- Resource draining
- Unwillingness to change course

Establishing Goals & Tracking and Communicating Performance

While it is important to establish clear roles for key functions throughout the company, it is equally important to set comprehensive performance goals. Explicit objectives for supply chain sustainability will provide individuals'
with direction in their tasks and will also help your company evaluate the impact and success of your program.

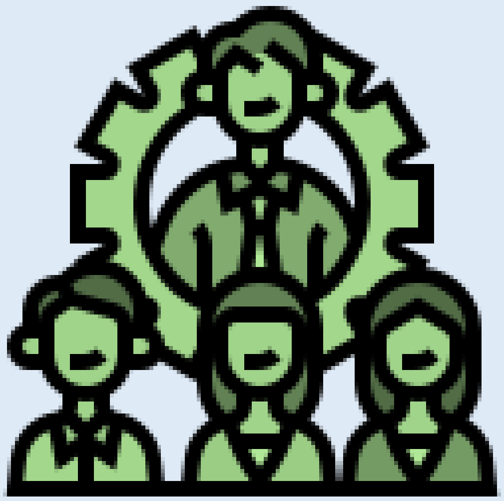
- The Process of Goal Setting
- Goals for Impact
- Goals for Supplier Performance
- Goals for Internal Performance
- Measurement Processes and Practices
- Communicating Progress and Reporting

Reports can be used for the following purposes, among others:

- Source of best practices that can inspire others and provide a benchmark for analysis of sustainability performance.
- Self-evaluation and continuous improvement in the process of implementing the principles, including in the supply chain.
- Benchmarking and assessing sustainability performance concerning laws, norms, codes, performance standards, and voluntary initiatives;
- Demonstrating how the organization influences and is influenced by expectations about sustainable development; and
- Comparing performance within an organization and between different organizations over time.

Module 6

Stakeholder Engagement Plans, Social Impact Communication, and Sustainability Integration Strategies



Training Programme to enhance capacities of suppliers of Large Companies on Business Responsibility and Sustainability Reporting

Module 6: Stakeholder Engagement Plans, Social Impact Communication, and Sustainability Integration Strategies

Description

In today's business environment, organizations are under mounting pressure to tackle sustainability challenges. Recognizing stakeholder priorities is essential as sustainability transitions from a choice to a necessity. Stakeholder engagement and effective social impact communication play pivotal roles in crafting a sustainable business strategy.

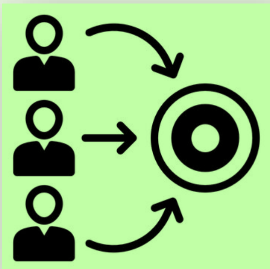
In this module, we will delve into the core of stakeholder engagement plans, and social impact communication in sustainability, examining its role and understanding how to effectively involve them in a company's sustainability journey.

Module contents

Stakeholder engagement in sustainability and its importance

Stakeholder engagement goes well beyond maintaining a dialogue: it involves integrating diverse perspectives into the very fabric of a company's sustainability strategy. This involvement is especially crucial today, in ***an era where environmental and social impacts are considered as important as financial returns.***

Stakeholder engagement is a strategic process through which companies seek to involve key groups and individuals who have or can have a significant impact on the environmental, social, and governance (ESG) practices of a company.



This process transcends the traditional boundaries of the business world, extending to the community, environment, and society at large. In other words, it's about identifying and understanding stakeholders –ranging from local communities, customers, employees, suppliers, governmental bodies, and investors, to NGOs –and recognizing their interests, concerns, and expectations.

Importance

The importance of stakeholder engagement in sustainability lies in the wealth of insights and perspectives these stakeholders can provide. Indeed, stakeholders can help companies anticipate and mitigate risks associated with their sustainability activities and initiatives. For example, local communities can provide on-the-ground information about environmental impacts, and investors can offer perspectives on long-term financial sustainability and risk management.

Furthermore, stakeholder engagement is essential for creating a sense of trust and transparency. Companies that engage effectively with their stakeholders tend to have a better reputation, increased customer loyalty, and greater investor confidence. But it doesn't stop there: effective stakeholder engagement also includes collaboration and co-creation. It involves working together with stakeholders to identify sustainability priorities, develop strategies, and implement initiatives. This collaborative approach ensures that sustainability strategies are robust, relevant, and capable of achieving real impact.

Role of stakeholders in improving sustainability

Stakeholders are not merely passive observers, but should be active participants in a company's sustainability strategy, offering unique contributions at various levels of the process:

- Innovators and idea generators
- Reality checkers
- Brand advocates
- Feedback providers
- Financial and strategic supporters
- Implementation partners

Mapping and prioritizing stakeholders

Defining and prioritizing which stakeholders to focus on is a crucial phase in stakeholder engagement. This process involves more than just listing people and institutions interested in or influencing the company's activities; it's a necessary strategy to understand the stakeholder ecosystem and strategically align it with the company's sustainability objectives.

- Stakeholder identification
- Stakeholder analysis
- Understanding stakeholders' expectations and interests
- Prioritizing stakeholders

Stakeholders' engagement in sustainability projects

Engaging stakeholders in sustainability projects involves more than just consulting them; it requires actively collaborating with them in the co-creation process.

- Understanding stakeholders' perspectives
- Co-creation and planning
- Regular communication and engagement
- Empowering stakeholders
- Monitoring and feedback

Emphasize the role of transparency in stakeholder trust

Corruption risk management and stakeholder engagement in terms of anti-corruption frameworks are broadly defined as a misuse of public office for private advantage. There is a consensus among governance experts that it has multidimensional and detrimental effects including economic instability, social inequality, inefficiency, and resources.

“Where practicable, is a key step towards securing stakeholder’s input into the process and giving them ownership of the outputs of risk management. It is also important to understand stakeholders’ concerns about risk and risk management so that their involvement can be planned and their views taken into account in determining risk criteria”.

In the field of risk management research, proponents of the *inclusive governance* approach assume that risk management is a complex decision-making process that requires knowledge and legitimacy. Inclusive governance is based on the assumption that all stakeholders have something to offer to the risk management process, and that reciprocal communication, assessments, and evaluations facilitate implementation rather than compromising decision-making and compliance with legal requirements.

Stakeholder engagement is therefore a key mechanism for the complex decision-making processes involved in risk management. These processes need inputs (knowledge and values) that are not held by any single actor. The involvement of stakeholders could avoid missing important information and views, and ensure that different types of knowledge are included. Stakeholder engagement is therefore a mechanism through which all the problem-relevant knowledge and values are incorporated into the decision-making process, enhancing the effectiveness and legitimacy of risk management.

Thinking about stakeholders as ‘citizens’ means seeing them as individuals with social, civil, and political rights that citizens might expect to have respected and protected, over and above their stakeholders’ rights. However, it is also important to understand which stakeholders should be involved.

Each organization has its cluster of stakeholders, but they can be classified into the following categories.

Clients. Public administration (B to A), companies (B to B), and consumers (B to C) represent the three types of clients of any company. Each of them has the same expectation regarding anti-corruption policies: they all want to be sure that the products and/or services they are buying are not tainted with corruption. However, they want this assurance for different reasons. A public administration considers that corruption would affect its reputation, a company that endangers its competitiveness, and a consumer that conflicts with its ethical concerns.

Financial actors. Banks, investors, and rating agencies want to be sure that no criminal, financial, or reputational sanction related to corrupt practices could affect the financial result of a company.

Suppliers and business associates. Firms that are doing business with a given company need assurance that no corrupt act will affect their business relation nor will lead to reputational damages.

Public opinion. Citizens are the ultimate victims of corrupt acts as corruption leads to higher prices and/or lower quality of products and services. The media and NGOs are prompt to react to corrupt cases and they expect companies to demonstrate – in a credible manner - that they have taken appropriate steps to prevent corruption.

Industrial Sector. The reputation of competing companies – and even business federations - is always affected in the case of corruption-related sanctions of a company in its industrial sector. Hence the initiative taken by many business federations to formulate anti-corruption recommendations and to invite their members to abide by them.

Employees. In case of heavy financial sanctions, or blacklisting following corruption prosecutions, companies might undergo major restructuring of their operations with impact on the workforce. Employees and their trade unions are more and more willing to make sure that their company conducts business with integrity. At the same time – as seen previously - employees are an active part of efficient anti-corruption policies if they are properly involved in the implementation of the anti-corruption policy.

To summarize every type of stakeholder has the same needs regarding the enforcement of the anti-bribery management system of the company. Their particular expectations are however different: Financial actors will want to see their expectations satisfied in the annual report for instance, while suppliers and business partners may want to see a reference to the anti-corruption policies in their contract.

The role of Top management.

Anti-bribery policy

Top management shall establish, maintain, and review an anti-corruption policy that:

a) prohibits bribery; (…)

The anti-corruption policy shall: (…)

— be available to relevant stakeholders, as appropriate.

It has to / must be recognized that, under the constraints of pressure of competitiveness, most companies are underestimating the role, needs, and expectations of their stakeholders. They undervalue the importance of the context of their operation. A company doesn't exist independently of its clients, financial partners, suppliers, business associates, competitors, and of course employees and it is of utmost importance to understand – and respond – to their expectations to ensure smooth business sustainability.

What is clear today is that stakeholders not only want to know what the anti-bribery commitments of companies are but also how credible they are. The standard has identified the role and responsibility of Top Management in making this anti-bribery policy credible. The legitimacy of business decisions arises from Top Management and ensuring integrity in business decisions is the responsibility of Top Management. This is precisely what stakeholders want to know: they want to be sure of how serious Top Management is about promoting a culture of integrity throughout the company's operation.

Communicate sustainability goals to stakeholders

Effectively communicating and making sustainability objectives clear to stakeholders is an essential component of their active involvement. Achieving this goal requires a strategy focused on clarity, transparency, and consistency. It involves a complex process of aligning the company's sustainability ambitions with the diverse values and expectations of its stakeholders.

This communication requires the use of a variety of different channels, from reports to social media, from interactive platforms to direct meetings. Through these channels, the aim is to maintain a constant flow of communication that not only keeps stakeholders well-informed but also actively involved and continuously inspired by the sustainability journey.

Measure stakeholder impact on ESG metrics

Measuring the impact of stakeholder engagement on Environmental, Social, and Governance (ESG) metrics is a complex process. Firstly, companies need to establish clear and quantifiable ESG objectives that align with their sustainability goals and the expectations of stakeholders. These objectives can encompass a wide range of metrics, from environmental factors like carbon emissions and energy efficiency to social and governance aspects such as employee well-being and supply chain practices.

Once this is done, it's necessary to analyze feedback provided by stakeholders to assess their influence on sustainability initiatives. Regular review and adjustment of these metrics are crucial, as sustainability needs and stakeholder requirements are continuously evolving. Moreover, communicating these results back to stakeholders is essential to maintain transparency and trust, demonstrating that their contribution has a tangible impact on the company's sustainability efforts. Overall, this measurement is a fundamental part of a comprehensive sustainability strategy, helping to ensure the effectiveness of stakeholder engagement and guiding future improvement actions.

Challenges and obstacles in stakeholder engagement

Engaging stakeholders in sustainability initiatives is an undertaking that can often be challenging. Companies embarking on this journey must navigate a maze of potential obstacles and challenges.

These include:

- Diverse interests and expectations
- Communication barriers
- Building and maintaining trust
- Long-term engagement and involvement

Best Governance Practices for Communicating Social Impact

- The best practice for both **"proving" and "improving"** is engaging your stakeholders.

- The one-way "push" model of marketing communication has been superseded by the **'engagement' paradigm** —building a community of customers and stakeholders who actively participate not only in telling the business story, but adding to it, building on it, questioning it, and making new meanings out of it.

- So don't fall back into old habits with evaluation data, and push out a flat report of impact metrics once a year —impact metrics are not meaningful without the context of an ongoing relationship with a particular audience. Evaluation data should be an everyday piece of **public-facing communication**.

- **Tell a whole story, not just a good story.**
  Once a business publicly commits to measuring impacts and sharing data, it can't pick and choose the impacts would like to talk about —the stakeholders will (rightfully) assert their priorities for what impacts the company is responsible for, and should include in its communication and reporting on social impact.

- **"Walking the talk"** in terms of accountability for business impacts may be a new, and perhaps uncomfortable, way of thinking for those accustomed to the marketing approach of describing and selling the value proposition to the customer.

- This is a much broader scope of responsibility than most companies are accustomed to, and it may feel like it opens the door to a loss of control over brand and message where social impact is concerned. This is where established **social and sustainability reporting standards** (like global Reporting Initiative and Integrated Reporting) provide useful approaches to materiality analysis, which allow a company to declare (and defend) a set of priority issues for their CSR activities that are most likely to address stakeholder concerns as well as business risks.

- While it's useful to be able to justify business priorities, the **guidance on best practices for reporting** is still quite clear that it can't opt out of reporting on issues because it would prefer not to address them, or don't know how to deal with them.

- The important point is that **statements about business goals, priorities, and impacts** (good or bad) should come with enough supporting information that customers or other stakeholders can critically appraise claims —a 10% reduction in emissions is good, but what is the industry average? What is the legislated requirement? What is the threshold for human health impacts?

- The best practice is to provide data that empowers the reader to consider a trend over time, in the context of a '**relevant background**' —as opposed to 'data crumbs' that may have emotive value but don't aid stakeholders in holding accountable for business results.

- For small-to-mid-sized enterprises that may not have the capacity to do an in-depth materiality analysis and/or follow an international reporting standard, the **Demonstrating Value framework** provides a useful process to identify information needs concerning the key audiences the business needs to reach, as well as the internal need for decision-making information.

- **Boosting evaluation ROI:** Raw evaluation data —a costly resource to extract, analyze, refine, and present —is challenging to use directly in marketing materials, and often fails to provide much of a return on the investment required to collect it, if marketing is the primary purpose for the evaluation activities. There is a huge lost opportunity where social impact evaluation is only conducted ‘after the fact’, and is not incorporated into strategic management decision-making.

- **Respecting stakeholders’ time:** The data collected, and more importantly, the voices of the purported beneficiaries of the social value the company creates, must be present in management decisions. This extends not only to the decisions about how to allocate resources to different priorities in the company, but also to the decisions about what the business will measure, and how. Measurement of social impact is intimately bound with questions around ownership and control of management decisions — measurement is irrevocably political, and this can only be managed, not avoided, in the governance of mission-driven companies.

- **Active Listening to the collective wisdom of front-line workers:** Framing impact evaluation as an ‘expert’ activity that is done ‘to’ employees, rather than ‘by’ them, runs the risk of putting front-line staff in a backseat role —and missing out on their creativity, insights, and valuable observations about how impact happens. Accordingly, communication with staff about business goals and measures of impact must include more than a conversation about metrics and targets.

- Particularly for service industries, one of the best ways to know more about what difference the business is making for customers or beneficiaries is to engage staff in sharing their experiences. Facilitated exercises that draw out employees’ experiences —like **Empathy Mapping** —can provide incredibly rich information about what stakeholders think and feel, see, hear, say, and do about the social impact issues relevant to the company.

- **The virtuous cycle of communicating social impact**: Including social impact information in marketing and communications content attracts and builds an audience of supporters that share values and goals; the business must build a values-aligned market to achieve impact at a large scale. In return, the information and critical feedback from engaged stakeholders fuels transparency and accountability and helps to hone impact strategy and decision-making. It’s a virtuous cycle. Having compelling social impact data (and making it open and available) is a strong point of competitive differentiation and also supports a broad movement of change-makers that include customers, employees, policy-makers, local communities, and many others.

Future of Sustainability ESG factors

Various investor surveys provide a clear direction: the majority of investors now consider sustainability ESG factors alongside other business and market factors in their decision-making. With this in mind, to the extent one of the above models, frameworks, or road maps is adopted, investors can expect that businesses have done their analysis to identify:

- External factors that can influence the business
- Issues that may be relevant for the business now and in the future
- Specific implications of these to the business's risks and opportunities
- The ambition of the board and the executive in response to the external environment and the identified risks and opportunities

The depth of the above analysis can have as much of an influence on the ability of the business to integrate sustainability as the choice of the model of integration.

The most important steps in building an integration model:

- Undertake or revisit scenario planning by understanding the global megatrends and considering key influencers in the market across three dimensions:
    - Stakeholder importance
    - Impact on the business
    - The immediacy of the aspect of the business
- Broaden stakeholder engagement to truly understand what key stakeholders consider important about the business, industry, and the markets in which it operates
- Compare the company with competition, suppliers, and customers to understand their strategies and their activities
- Broaden market analysis and risk assessment processes to embed the scenario plans that build upon global data sets, policies, and industry insights, to create several variants for a "future state" view of risk and opportunity
- Engage with the board and executives to understand the business's ambition for responding to the above scenarios, stakeholders, and risks.