

Chapter - 18 "SDG and ESG Assurance"

- Topics Covered:
- (i) Meaning of Sustainability and Sustainable Development.
 - (ii) Sustainable Development Goals
 - (iii) Sustainable Reporting - Meaning, Benefits and Global Trends
 - (iv) Integrated Reporting - 6 Capitals (Financial, Manufactured, Natural, Human, Social and Intellectual)
 - (v) Legal Framework of ESG in India - NGRBC and BRSR
 - (vi) Structural Format of BRSR - A - General Disclosures
B - Management and Process Disclosures
C - Principle wise Performance Disclosures
Part I: Essential Indicators
Part II: Leadership Indicators
 - (vii) Nine Principles of NGRBC:

		Concept
Principle ①	<u>Ethics, Transparency and Accountability</u>	Business decisions - open to disclosures and accessible to all relevant Interested Parties
Principle ②	<u>Safe and Sustainable Goods and Services</u>	Make sure that Goods, services and the Operations result in better life for the Customers and end-users.
Principle ③	<u>Promote well being of Employees</u>	Take all initiatives for benefit of employees as to their dignity, health and well-being.
Principle ④	<u>Respect for stakeholder Interests and Responsiveness</u>	Consider <u>perspectives</u> of all stakeholders and be responsive to stakeholder concerns and feedback.

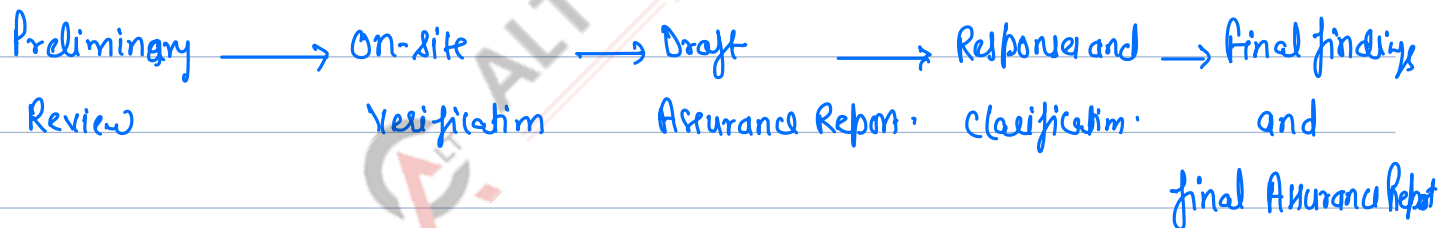
Principle ⑤	<u>Promote and Respect Human Rights</u>	Respect and promote human rights including - <u>Freedom of expression</u> ; <u>Association</u> ; and <u>Privacy</u> . Prevent and Address any human right violation in operations and value chain.
Principle ⑥	<u>Protection and Restoration of Environment</u>	Environmental Responsibility is to be considered as a basic requirement for <u>Economic Prosperity and Sustainability</u> .
Principle ⑦	<u>Influence on Public and Regulatory Policy.</u>	Ensure business operates within the framework of statutory and legislative policies of Governing authority.
Principle ⑧	<u>Promote Inclusive Growth and Equitable development</u>	Create economic opportunities for all including marginalised communities and also contribute to development of local community. Support social and economic environment
Principle ⑨	Provide value to customers in a responsible manner	Create or provide useful products and services to customers in exchange of reasonable profits.

- P₁ - Ethics, transparency, Accountability P₄ - Stakeholders P₇ - Policy Advocacy
 P₂ - Safe and sustainable ^G _S **P₅ - HUMAN RIGHTS** P₈ - Inclusive Growth & Eq. dev.
 P₃ - Employees P₆ - Environment P₉ - Customers

(viii) Assurance in BRSR: Assurance in BRSR becomes more critical as BRSR is expected to be used as a single means for disclosing sustainability related information.

Steps to be followed to provide assurance on BRSR:

- (a) Preliminary Review of ESG Report, Parameters.
- (b) On-site assessment / Verification of ESG Report.
- (c) Issuance of Draft Assurance Report and Assessment Statement.
- (d) Review of Responses and Clarifications of findings.
- (e) Submission of final findings of onsite assessment and document review
- (f) Preparation of final Assurance Report including final results of assessment.



Standards Applicable for Assurance:

I. SSAE^{*}-3000 - "Assurance Engagements on Sustainability Information"
[Applicable to all assurance - limited as well as reasonable]

Applicability of SSAE-3000: Voluntary for assurance reports covering period ending on 31.03.2023.

Mandatory for assurance reports covering period on or after 31.03.2024.

Users of SSAE-3000: Assurance Providers, Entities, Regulators and Investors.

II. SAE-3410 - "Assurance Engagements on GHG Statements"

* Standards on Sustainability Assurance Engagements.

(ix) Role of Auditor - Consideration of Climate Related Risks in an audit of F.S.:

(A) To Obtain Reasonable Assurance: Auditor is required to obtain reasonable assurance whether the F.S. as a whole are free from material misstatements, whether caused due to error or fraud, to enable him to express an opinion that F.S. are being prepared, fairly, in all material respects as per Applicable FRF.

(B) Understanding of the Entity: Consider climate related risks and how these risks are relevant to Audit.

As stakeholders seek information from the auditor's report about how climate related risks were addressed in audit, Auditor need to be aware with climate related risks.

(C) Auditor's Report: Before considering climate related matters in the auditor's report, auditor shall determine whether Entity has appropriately disclosed relevant climate related information in the F.S. in accordance with applicable FRF. If appropriately disclosed in F.S., Auditor may refer the matter through FOM Para in auditor's report.

(D) Reading Other Information: To comply with requirements of SA 720, auditor is required to read other information for consistency with the information disclosed in the F.S.