

# An introduction to BRSR Core

What we know and what  
we don't know (yet)

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 **Achilles**  
Supply Chain Sustainability

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# Introduction

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**Legislation is rapidly being introduced by countries and trading blocs to improve human rights and help address the environmental issues facing the planet.**

**O**rganisations across the world are slowly being scooped up by a metaphorical regulatory net which requires them to assess the potential for human rights and environmental risks within their supply chains and report on what they are proactively doing to address them.

Across the entire end-to-end process, from finished product to the metals, minerals and other raw materials that are required to make them, companies must now demonstrate a clear understanding of the impact they are having on people and the planet.

In more and more of the world, ethical business and business as a force for good is now not only a way of differentiating or a way of meeting increasingly discerning consumer expectations, it's a regulatory issue with financial penalties for doing it wrong.

The Securities and Exchange Board of India is one such organisation seeking to clearly establish ESG obligations for India's biggest businesses with its new Business Responsibility and Sustainability Reporting (BRSR) Core framework.

BRSR Core is in its earliest stages of introduction. It was announced earlier in 2023 and it is likely that information will continue to become available over the coming weeks and months. This white paper is intended to provide a helpful summary of what we know so far. We will be keeping it updated as more information emerges.



# What is BRSR Core?



The Business Responsibility and Sustainability Reporting (BRSR) Core is a subset of the wider Business Responsibility and Sustainability Reporting (BRSR) framework introduced by SEBI as an ESG-based voluntary disclosure regime. It relates to what SEBI has identified as critical elements of BRSR. It is a mandatory requirement for the largest Indian companies by market capitalisation from 2023 onwards on phase roll out.

BRSR Core requires companies to go beyond their own direct operations and make disclosures and obtain assurance as per 'BRSR Core' for their value chain.

Like the overarching BRSR framework, BRSR Core is based on the principle of "comply or explain" requiring entities to disclose their ESG-related information as per the prescribed format or provide a valid reason for not doing so.

The framework covers various aspects of sustainability, including governance,

environment, social, customer, supply chain, and human rights.

BRSR Core draws upon international guidelines such as the OECD Guidelines for Multinational Enterprises, human rights conventions defined by the International Labour Organisation (ILO) and three specific environmental conventions (Minamata Convention, Stockholm Convention and Basel Convention) and is part of a growing trend towards greater corporate responsibility for human rights and the environment in global supply chains. Several other countries, including Canada, Norway, France and Germany, have also implemented similar regulation in recent years.

The intention is, however, for this new piece of SEBI legislation to have an Indian perspective that recognises India's developing country status and, also, its role as a key manufacturing hub supporting the economies of more developed nations.



# Why is BRSR Core important?

BRSR Core is important for several reasons:

- **Protection of Human Rights:** The law is designed to protect human rights by requiring companies to identify and address potential risks in their supply chains, including forced labour, child labour, and other forms of exploitation. By ensuring that companies are held accountable for human rights abuses in their supply chains, the law helps to protect vulnerable workers and communities around the world.
- **Environmental Protection:** The law also helps to protect the environment by requiring companies to prevent and address environmental damage caused by their operations or their suppliers, including pollution, deforestation, and the destruction of habitats. This helps to promote sustainable business practices and reduce the environmental impact of global supply chains, particularly on local communities.

- **Responsible Business Conduct:** The law promotes responsible business conduct by requiring companies to comply with ethical business practices in their supply chains, including respecting intellectual property rights, combating corruption and bribery, and ensuring fair competition. This helps to create a level playing field for companies and promotes sustainable economic development.
- **International Norms:** The law is consistent with international norms on business and human rights, including the United Nations Guiding Principles on Business and Human Rights. By aligning with these norms, the law helps to promote a common understanding of the responsibilities of companies in relation to human rights and the environment.

Overall, BRSR Core is important because it helps to promote sustainable and responsible business practices, protect human rights and the environment, and create a more just and equitable global economy.





# Which organisations need to comply with BRSR Core?

The new framework will be applied to Indian businesses from financial year 2023/24 in a phased roll out as follows:

- **FY 2023/24**  
Mandatory for top 150 companies in India to demonstrate reasonable assurance on BRSR core.
- **FY 2024/25**  
Mandatory for top 250 companies in India to demonstrate reasonable assurance on BRSR core.
- **FY 2025/26**  
Mandatory for top 500 companies in India to demonstrate reasonable assurance on BRSR core.
- **FY 2026/27**  
Mandatory for top 1000 companies in India to demonstrate reasonable assurance on BRSR core.





## Section Five

# What does the framework encompass?

Risk areas covered by BRSR Core are based on International Standards and guidance documents such as the ILO Fundamental Conventions, OECD Due Diligence Guidelines for Responsible Business Conduct and UN Guiding Principles on Business and Human Rights.

It covers a broad range of risks related to human rights and the environment in global supply chains and requires companies to identify and address potential risks in the following areas:

- GHG footprint
- Water consumption and discharge
- R&D and capex expenditure in reducing environmental footprint
- Addressing waste disposal

- Employee wellbeing and safety
- Gender diversity
- POSH complaints
- Purchases from MSME and small producers
- Job creation in tier-3 towns
- Percentage of negative media sentiment
- Average days of payment to vendors and openness of business

The law is designed to promote responsible business conduct and prevent negative impacts on both people and the environment across global supply chains. It reflects a growing recognition of the need for companies to take responsibility for their supply chains and ensure that their business practices are both sustainable and ethical.



# What are the reporting requirements?

**B**RSR Core imposes reporting and third-party assurance requirements on India's largest commercial entities. The law requires entities to file/disclose a separate annual BRSR Core report with their annual reports.

At a high level this includes details of the company's:

- Structure, activities and supply chains.
- Policies and its due diligence processes in relation to the areas covered by the legislation.
- Parts of its business and supply chains that carry the risks and the steps that have been taken to assess and manage the risk.
- Measures that have been taken to remediate the risks including

steps to remediate where there are consequences of those actions for example any associated loss of income to vulnerable families that results from measures that have been taken to eliminate the use of forced labour or child labour in its activities and supply chains.

- Training that has been provided to employees to ensure risk and impact is minimised.
- Monitoring of the effectiveness of activities.



## Section Seven


**S**EBI has been very prescriptive in terms of the reporting requirements for BRSR Core. The template provided takes the form of a table covering a number of pages placing significant supply chain risk assessment, due diligence and reporting burden across a very broad set of sustainability criteria for those companies that need to comply.

The Report template includes the following key areas:

- **Greenhouse Gas (GHG) Footprint:** Companies are expected to report their GHG emissions in alignment with the Greenhouse Gas Protocol, capturing both Scope 1 (direct emissions) and Scope 2 (indirect emissions).
- **Water Footprint:** Details about total water consumption, water consumption intensity, and water discharge by destination and treatment level.
- **Energy Footprint:** Metrics on total energy consumed, the percentage of energy consumed from renewable sources, and energy intensity.
- **Circular Economy and Waste Management:** Information on various types of waste generated, including specific categories like plastic, e-waste, biomedical, construction and demolition, etc. It also covers total waste generated, waste intensity, and details about waste recovery and disposal methods.
- **Employee Wellbeing and Safety:** Metrics related to spending on employee wellbeing, safety incidents involving employees and contract workers, and other related metrics.
- **Gender Diversity in Business:** Data on complaints related to sexual harassment and the wage distribution between genders.
- **Inclusive Development:** Details on sourcing from specific sources, such as MSMEs and local producers, and metrics related to job creation in smaller towns.
- **Engaging Fairly with Customers and Suppliers:** Metrics on issues like data breaches, account payables, and other factors that determine a company's relationship with its stakeholders.
- **Openness of Business Operations:** Information related to purchases and sales with trading houses, dealers, related parties, and other metrics that shed light on the transparency of a company's operations.

Each of these parameters in the BRSR core reporting format is meticulously detailed, and companies are expected to reference and align their disclosures as per these guidelines to ensure comprehensive ESG reporting.

You can download a copy of the report template [here](#).



# What is the reporting format?





# What happens if a company fails to comply with BRSR Core?

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As yet, SEBI has not defined any penalties for non-compliance with BRSR Core. It may be that, given the requirement applies to only the biggest organisations in India, it feels it can rely on businesses to do the right thing without needing to drive behaviour with the threat of fines or prosecutions.

There is also an indication that SEBI will be sensitive to the stage that India is at in its ESG journey and wait before implementing reporting standards and/or enforcement.



# International implications of supply chain due diligence legislation



The general global trend towards ESG supply chain management has wider implications for India's biggest businesses – particularly those that operate on the global stage. Across the world, supply chain due diligence legislation is being introduced that applies not just to organisations that are domiciled in a particular country but also to major importers too.

In addition, attitudes to organisations and their approach to sustainability are creating other significant implications of not taking a proactive approach to ESG supply chain risk including damage to brand reputation and the financial impact of a loss of consumer or shareholder confidence. It can take a very long time to build up positive brand recognition, however, it does not take long to seriously damage it.



# What are the benefits of compliance?

Overall, taking a proactive approach to ESG can bring significant benefits to organisations, including improved reputation, reduced risk, increased efficiency, competitive advantage, and long-term sustainability.

- **Improved Reputation:** Demonstrating a proactive approach can help to improve an organisation's reputation as a responsible and ethical business. By taking steps to prevent human rights abuses, environment pollution and other negative impacts in their supply chains, organisations can enhance their brand image and increase customer loyalty.
- **Reduced Risk:** ESG compliance can help reduce the risk of legal action, fines, and reputational damage. By identifying and addressing potential risks in their supply chains, organisations can minimise the likelihood of human rights abuses occurring and mitigate any negative impacts.
- **Increased Efficiency:** ESG compliance can help increase the efficiency of supply chain management. By implementing due diligence measures and monitoring suppliers, organisations can identify areas for improvement and optimise their supply chain operations.
- **Competitive Advantage:** ESG compliance can provide a competitive advantage by demonstrating a commitment to responsible business practices. This can help organisations attract and retain customers, investors, and employees who prioritise ethical business practices.
- **Long-Term Sustainability:** ESG compliance can contribute to the long-term sustainability of an organisation's operations. By taking steps to prevent exploitation and ensure the health and safety of workers, organisations can promote the well-being of their employees and the communities in which they operate.





# How to get started on the path to compliance with emerging BRSR Core legislation

Getting started with any Supply Chain Due Diligence requirements can be a complex process, but there are several steps that companies can take to begin their compliance journey and ensure they are as prepared as possible for submission in June 2024:

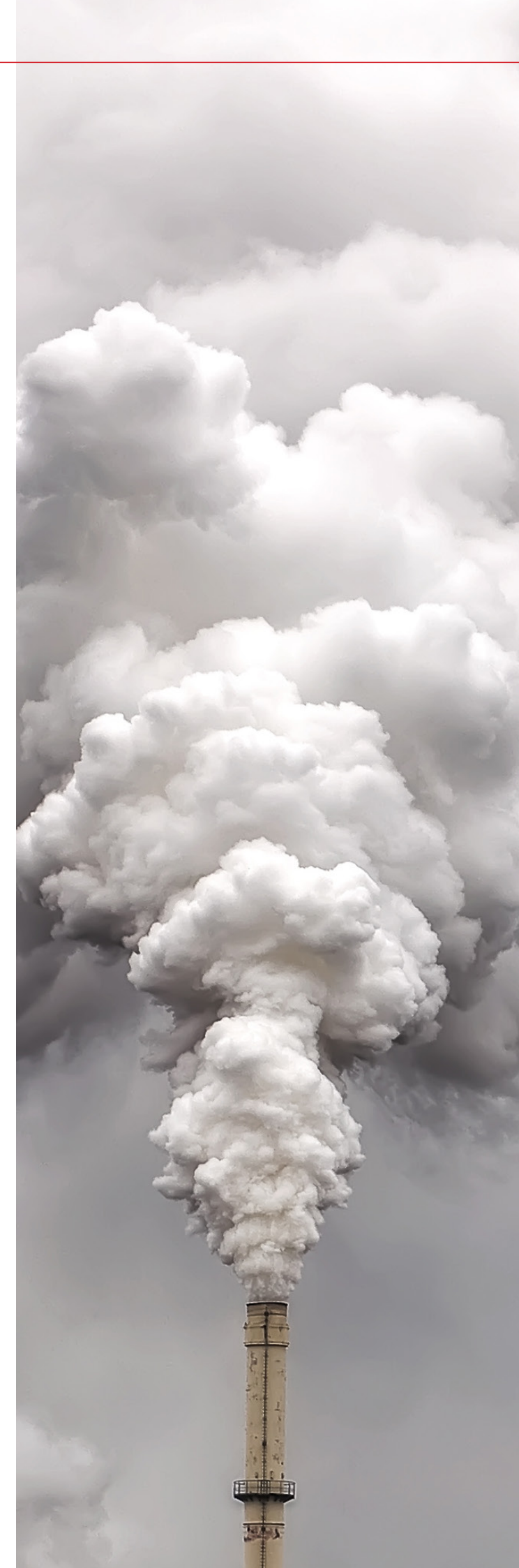
- **Develop a Due Diligence Policy:** Companies should develop a due diligence policy that outlines the processes and measures they will take to mitigate risks in their supply chains. This policy should be aligned with the requirements of the law and should be communicated to all relevant stakeholders.
- **Assess Your Supply Chain:** The first step is to assess your supply chain to identify potential risks related to forced labour and child labour. This includes

identifying suppliers and subcontractors and evaluating their adherence to international standards and regulations.

- **Implement Due Diligence Measures:** Companies should implement due diligence measures to identify and mitigate risks in their supply chains. This includes conducting risk assessments and audits engaging with suppliers to ensure compliance and implementing risk mitigation measures where necessary.
- **Monitor and Evaluate Performance:** Companies should monitor and evaluate the performance of their due diligence measures to ensure that they are effective in mitigating risks in their supply chains. This includes tracking supplier performance and conducting regular risk assessments.

- **Publish Annual Reports:** Companies should publish annual reports on their compliance with the due diligence obligations under the law. These reports should include a description of due diligence processes, identified risks, risk mitigation measures, supplier engagement, remedy measures, verification measures, grievance mechanisms, transparency, and management approach.
- **Engage with Stakeholders:** Companies should engage with stakeholders, including customers, investors, civil society organisations, and affected communities, to understand their concerns and expectations related to supply chain due diligence.
- **Seek External Support:** Companies can seek external support from consultants, auditors, and other experts to help them comply with the requirements of the law.

In summary, getting started with BRSR Core requires a broad approach to be truly effective. An approach that should include developing due diligence processes, assessing the supply chain, implementing due diligence measures, monitoring and evaluating performance, publishing annual reports, engaging with stakeholders, and seeking external support where necessary.





# Challenges of achieving compliance with BRSR Core



We know from similar legislation that is being introduced across the world that organisations working towards and achieving compliance with sustainability and supply chain legislation face some common challenges. These include:

- **Supply Chain Complexity:** Many companies have complex and extensive supply chains, with numerous tiers of suppliers. Identifying and assessing risks throughout the entire supply chain can be challenging and resource-intensive. The complexity can also be compounded by the global nature of supply chains, some operating in hard to reach or hard to access countries.
- **Data Collection:** Data required to comply goes beyond regular operational boundaries. Data sources with questionable provenance, accuracy and interpretation often become primary sources of information which undermine the basis for the reporting. Data may also be in multiple data formats and there is often an absence of systems to record data in a methodical way that can be used to demonstrate a risk-based approach.
- **Veracity of Data:** Web-scraped or AI generated data from sources of unknown provenance lacks the scrutiny necessary to fully understand the risks. Organisations rarely have the resources to undertake credible data checking or independent verification required to report with confidence.
- **Lack of Transparency:** Many suppliers may be unwilling or unable to provide full transparency into their operations, making it difficult to identify and address risks.
- **Limited Capacity:** Many buyers may lack the resources to undertake such intensive and sustained supply chain management including data collection from numerous disparate sources or sufficiently credible levels of data checking and verification of their suppliers. Likewise, suppliers may lack the capacity or resources to implement the necessary improvements to comply with the law.
- **Cost of Compliance:** Complying with the law can be expensive, especially for small and medium-sized companies. The cost of conducting due diligence, monitoring suppliers, and implementing risk mitigation measures can be significant.
- **Knowing What is Enough:** Understanding what is required to satisfy the regulators and ensure compliance. For more on this read our useful Blog: [When is enough, enough?](#)
- **Legal Liability:** Non-compliance with the law can result in legal liability, including fines and legal action. This can create additional risk for companies, particularly if they are unable to identify and address potential risks in their supply chains.
- **Coordination with Suppliers:** Collaboration with suppliers is essential to implement due diligence processes effectively and as transparently as possible. However, engaging with suppliers can be challenging, especially if they are in different countries with different cultural and legal frameworks.
- **Time Constraints:** Companies may struggle to implement effective due diligence processes within the required timeframe. The law requires companies to implement due diligence processes within a specific timeframe, and non-compliance can result in legal liability.



# Conclusion

BRSR Core is a significant development in India's approach to supply chain regulation. This law requires companies to report on the actions they have undertaken throughout their supply chains across 11 different categories. At the moment, it applies only to India's biggest public companies. There is a phased timetable for introduction over the next few years.

BRSR Core is in step with other moves globally to introduce legislation to help create a more responsible global economy but is likely to have a distinctly Indian perspective that appreciates India's developing economy and role as a major manufacturing centre for the world.

As more and more countries consider similar legislation, it is likely that supply chain transparency and accountability will become increasingly important in the global marketplace. Embarking on a journey of improved supply chain due diligence now will likely reduce future disruption when other nations or industries adopt increased levels of due diligence on the supply chain.

BRSR Core is a positive development that has the potential to create a more ethical supply chain ecosystem. By prioritising the well-being of workers, communities, and the environment, companies can build a stronger and more resilient global economy for the future.





# About Achilles

**F**or over 30 years, Achilles has protected organisations' business interests and reputations by providing unrivalled levels of supply chain transparency, carbon reduction and management. We are the ESG and carbon management partner of choice for the world's leading global brands.

Achilles specialises in supporting customers that require truly robust environmental, social and governance reporting to fully comply with ESG regulation, meet investor requirements and achieve their own ambitious sustainability goals. We work with market-leading financial, industrial, commercial and governmental organisations requiring the serious, detailed analysis and expert insight necessary to deliver exceptional reporting confidence and positive social and environmental impact.

Operating from 17 locations worldwide, Achilles is at the forefront of the battle against climate change, a champion for social justice and human rights, and an expert in health, safety, and risk management.



# How Achilles helps companies to comply with the Act

Achilles works on behalf of organisations that require comprehensive supply chain due diligence solutions and detailed data insight necessary to comply with international supply chain legislative obligations including the Fighting Against Forced Labour and Child Labour in Supply Chain Act.

Achilles services include:

- **Supply Chain Evaluation**  
We collect and assess data from a wide range of sources including (but not limited to) documentation from your suppliers, publicly accessible and historical information from the internet and investigation reports from NGOs and charities. Uniquely, our Transparency questionnaire also incorporates information captured from our extensive, global, in-person audit programme, and the voices of workers gathered over many years of interviews in similar industries and regions to paint a full picture of your supply chain risk.
- **Risk Assessment**  
Detailed supply chain evaluation enables us to undertake a “broad scoping exercise” to create a high-level picture of risks that may be hidden within the supply chain. This broad, multi-disciplined approach is integral to

successful supply chain due diligence and key for organisations that need to be able to demonstrate to regulatory authorities that they understand their risks and have “done enough” to mitigate them.

- **Due Diligence**  
Delivering thousands of audits (both desktop and site) every year, our teams of highly skilled audit personnel are strategically situated across the globe to interrogate documentation, physically inspect workplaces and confidentially speak with individuals who may be subject to unethical employment practices or human rights violations.
- **Remediation and Reporting**  
Committed to continually improving international supply chains, Achilles drives continual improvement through the tracking of audit report findings and remediation actions within the supply chain. Analysis supported by Achilles Data Scientists gives you the comprehensive supply chain data that can be included within annual reports.

[Contact us](#) to find out how Achilles can help you meet your Fighting Against Forced Labour and Child Labour in Supply Chain Act obligations.







# The importance of Supply Chain legislation and helpful advice to companies starting out on their compliance journey

- In September 2022 the ILO estimated that there were fifty million people living in modern slavery, 10 million more compared to 2016 estimates. Of that, 86% of forced labour cases were identified in the private sector.
- Issues aren't limited to human rights, countries around the world have become dumping grounds for hazardous waste. Developed nations have received increased criticism for not acting upon the export of hazardous or contaminated waste to various parts of the world, in contravention of the Basel Convention.
- It's not possible to use one part of any due diligence toolkit and expect it to drive significant change within the supply chain. Due diligence is a holistic approach requiring collaboration, communication, education and cooperation as much as it is around the more technical elements of risk assessment and audit. Creating transparent supply chains, open to critique and willing to learn is vital.
- The most successful due diligence programmes (even where there's not been any legislation to leverage) embolden suppliers to improve.
- Technology is a vital tool to combatting supply chain issues, however, hearing the voices of those within the supply chain and seeing their working and living conditions provides far richer insight into the challenges within the supply chain than any amount of electronic data can.
- The due diligence processes that a company enacts are unlikely to identify everything in the supply chain. Anyone who suggests otherwise perhaps has not seen the very real and isolated issues that our teams have witnessed from Chile to China and everywhere between. As businesses and professionals, our due diligence activities should stand up to scrutiny. In the event of an investigation, you need to feel confident in being able to say you did as much as you could to prevent the issues and you have processes that will be enacted to resolve the ones that have been identified. It's often investigative reports or testimony from individuals that get splashed on the front pages of the national press.
- Whilst some due diligence processes may take longer to implement, whether that be risk mapping of the supply chain, utilising third party software or conducting audits there are some simple steps companies can take, starting with communication and education. The importance of speaking to the supply chain should not be underestimated. Explain what it is that you're planning on doing, why you are doing it and what you are hoping to achieve. Reassure that it is not simply a case of trying to wield a stick or punish, it's about identifying common areas of improvement. Many suppliers don't have the same resources as the organisations embarking on this legislative journey, or the knowledge required to ensure compliance. Impart that knowledge, whether that be through supplier communications, events or even visits. Share examples of best practice and lead by example.





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