



ICMAI Sustainability Standard (ISS 1)

General Requirements for Disclosure of Sustainability-related Information

The following is the ICMAI Sustainability Standard on General Requirements for Disclosure of Sustainability-related Information (ISS1) issued by the Council of the Institute of Cost Accountants of India.

The standard is in conformity with the prevailing regulatory framework from time to time. However, if due to subsequent changes in the regulatory framework a particular Standard or any part thereof becomes inconsistent with the provisions in the regulatory framework, the provisions as per the regulatory framework prevailing then shall be applicable notwithstanding what is stated in this Standard.

1. Introduction

This Standard deals with General Requirements for Disclosure of Sustainability-related Information which an entity is required to disclose about its sustainability-related risks and opportunities, as well as their impact that is useful to stakeholders.

2. Objective

The objective of this Standard is to bring uniformity and consistency in disclosing information about an entity's sustainability-related risks and opportunities as well as their overall impact that could be expected to affect the entity's existence, performance, cash flows and prospects over the short, medium and long term.

3. Scope

An entity shall apply this Standard in preparing and reporting sustainability-related disclosures. .

4. Definitions

The following terms are being used in this standard with the meaning specified.

- 4.1 Business model** - An entity's system of transforming inputs through its functions, activities and processes into outputs and outcomes that aims to fulfil the entity's strategic objectives and purposes and creates value for the stakeholders.
- 4.2 Value chain** - A value chain comprises of full chain of an entity's activities in creating a product or service -- from initial receipt of materials and/or services through its delivery to market. The value chain- framework encompasses entire range of interactions, transactions, resources and relationships connected with the entity's business model. This includes and encompasses all inbound and upstream operations, operations within the entity, all outbound and downstream logistics, marketing and sales, and services intertwined with procurement, human resource management, research and technological development, infrastructure and financing, in the context of geographical boundaries and regulatory environments in which the entity operates.



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- 4.3 Material information** - In the context of sustainability-related disclosures, information is material if omission or misstatement of that information could reasonably be expected to lead and influence, perspective or decisions of the stakeholders based on such information.
- 4.4 Integrity** - Integrity encompasses moral principles of highest order and involves consistency between beliefs, decisions and actions, and continued adherence to values and principles
- 4.5 Ethics** - Ethics provides an understanding of the nature of human values, of how we ought to live, and of what constitutes right and moral conduct
- 4.6 Stakeholders** - A stakeholder is a person, group, or organization that has a vested interest in an entity's activities and who can directly or indirectly influence the entity's activities.
- 4.7 Human rights** - "Human rights" means the rights relating to life, liberty, equality and dignity of the individual guaranteed under the Constitution or embodied in the International Covenants and enforceable by the Courts in India.
- 4.8 Scenario analysis** - A structured process for identifying and assessing a potential / estimated range of outcomes and results of the current and future events under conditions of ambiguity and uncertainty.
- 4.9 Sustainability-related disclosures** – Sustainability-related disclosures provide information about the reporting entity's sustainability- related risks- and their impact as well as sustainability-related opportunities that could reasonably be expected to affect the entity's existence, performance, cash flows and prospects over the short, medium or long term, including information about the entity's governance, strategy and risk management in relation to those risks, their impact and opportunities, and related metrics and targets.
- 4.10 Environment:** Environment includes water, air and land and the inter-relationship which exists among and between water, air, land, and human beings, other living creatures, plants, micro-organism and property.
- 4.11 Environment Pollution:** Environmental pollution means the presence of any environmental pollutant in the environment.
- 4.12 Environmental Pollutant:** Environmental pollutant means any solid, liquid or gaseous substance present in such concentration which may be injurious to the environment..
- 4.13 Inclusive growth** - Inclusive growth means economic growth, the benefits of which are distributed across the society in a fair manner, creates opportunities for all and provides insurance against negative shocks as well as collective determination of rules and practices.



5. Principles of identification and measurement

The Principles, taken together, are designed to assist the entities in disclosing about their sustainability-related risks and their impact as well as sustainability-related opportunities that is useful to stakeholders.

5.1 Fair presentation

Fair presentation requires disclosure of relevant information about sustainability-related risks and their impact as well as sustainability-related opportunities that could reasonably be expected to affect the entity's performance, prospects and cash flows in the short, medium and long term and their true representation based on complete, unbiased and accurate depiction of those sustainability-related risks, their impacts and opportunities in accordance with the principles set out in this Standard.

5.2. Accuracy

Sustainability-related information shall be accurate. The precision needed and attainable, and the factors that make information accurate, depend on the nature of the information and the nature of the matters to which it relates. For example, accuracy requires that:

- 5.2.1** Information is factual and is free from material error;
- 5.2.2** All descriptions are specific and precise;
- 5.2.3** Estimates, approximations and forecasts are clearly identified as such and
- 5.2.4** Assertions and inputs used in developing estimates, approximations and forecasts are reasonable and based on information of sufficient quality and quantity;

5.3 Verifiability

Information is verifiable if it is possible to corroborate either the information itself or the inputs used to derive it. Verifiability helps to give users confidence that information is complete, neutral and accurate.

5.4. Materiality

An entity shall disclose material information about the sustainability-related risks and their impact as well as sustainability-related opportunities that could reasonably be expected to affect the entity's environmental, social and financial existence, performance, cash flows and prospects over the short, medium and long term. In the context of sustainability-related disclosures, information is material if omission or misstatement of that information could reasonably be expected to lead and influence decisions of the stakeholders based on such information.



5.5 Consistency

Data and assumptions used in preparing the sustainability-related disclosures shall be consistent—to the extent possible.

5.6 Assessing the circumstances

An entity shall use an approach for disclosure of sustainability-related information that is appropriate and commensurate with its context and circumstances as at the time the entity provides sustainability-related information

To assess its context and circumstances the entity shall consider:

5.6.1 The entity's exposure to sustainability-related risks and opportunities:
- and

5.6.2 The skills, capabilities and resources available to the entity for the sustainability-related disclosures.

5.7 Exposure to sustainability-related risks and opportunities

An entity shall consider its exposure to sustainability-related risks and their impact as well as sustainability-related opportunities in its assessment of its context and circumstances when providing sustainability-related disclosures which may be quantitative or non-quantitative.

5.8 Assessing Impacts

Each type of sustainability risk exposure shall be treated as a distinct activity, if material and identifiable. The process for determining material sustainability risk exposure shall be as under:

5.8.1 Understand the entity's context and circumstances:

5.8.2 Identify actual and potential risks as well as opportunities and their likely impacts:

5.8.3 Assess the significance of the risks as well as opportunities and their impact:

5.8.4 Prioritize the most significant risks as well as opportunities and their impacts for sustainability reporting.

5.9 Time frame

Entities should consider the time frames used to conduct their assessments of risks and their impact as well as opportunities. The sustainability-related risks and their impact as well as sustainability-related opportunities may manifest and have implications for an entity over a longer period. It is, therefore, important for entities to consider the appropriate time frames namely short term, medium term and long term when assessing sustainability-related risks and opportunities.



5.10. Selecting inputs for scenario analysis

The inputs to the scenario analysis exercise shall be relevant to the entity's context and circumstances. **and shall be determined by :**

- i) Identifying and defining a range of scenarios, that provide a reasonable assessment and reflection of potential future sustainability related risks as well as opportunities
- ii) Evaluating the potential resiliency of entity's strategic plans to the range of scenarios.
- iii) Evaluating what scenarios (and narratives) are appropriate, given the exposures?
- iv) Considering appropriate input parameters, assumptions, and analytical choices based on consideration of value, cost, resource consumption , Impact analysis, Social Cost Benefit analysis, Environmental Cost analysis and Activity Based Management

5.10.1 Value to Cost Balancing - Cost incurred and value created are related to resources consumed. As a result, value measurement should be commensurate and concurrent to the incurrence of cost and its traceability.

5.10.2 Strategic Cost Analysis in Value Chain – Strategic cost analysis in value chain is a process where an entity identifies its primary and support activities that add value to its final product or service and then analyses these activities to optimize costs across the life cycle right from the raw material source till product is discarded after use.

5.10.3. Resources Consumption Model (RCM) - A resource consumption model is a decision support methodology and a tool that can facilitate assessment of resource consumption effectiveness, identifying areas for improvement, minimizing resource usage and waste and enhancing environmental, social and commercial viability of an entity.

5.10.4 Impact Analysis - Impact Analysis is a structured approach for looking at a proposed change, with a view to identifying its impact on environmental, social and financial performance and prospects as well as cash flows of the entity over the short, medium and long term.

5.10.5 Social Cost Benefit Analysis – Social Cost -Benefit analysis is an economic tool that helps organizations make decisions by evaluating the costs and benefits of a social project or policy. It is a systematic way to compare the social costs and benefits of a project and considers both financial and non-financial effects.

5.10.6. Environmental Cost Benefit Analysis - Environmental cost-benefit analysis (CBA) is the application of Cost Benefit Analysis to projects or policies that are aimed at environmental protection, improvement or actions that affect and impact the natural environment as an indirect consequence. Environmental costs can be classified in four categories - prevention cost, detection cost, internal failure cost and external failure cost.



5.10.7 Activity Based Management - Activity-based management (ABM) facilitates identification and evaluation of activities that an entity performs, leveraging activity-based costing, value chain analysis or a re-engineering initiative to improve strategic and operational decisions in an entity

6. Process of Identification and Measurement

The Entity and Its Environment:

6.1. Describe the nature of the entity, in case of manufacturing details about its operations, business processes, major inputs, joint & by-Products and wastages and in case of services details about its various services provided along with operating processes and activities, major inputs and wastages etc.

6.2 Describe the entity's ownership, relevant industry, regulatory, and other external factors including all the applicable reporting framework.

6.3. Description of entity's internal control mechanism.

6.4 Description of IT Architecture, Systems and programmes in use in the entity.

7. Governance

7.1 Describe the governance body(ies) (which can include the board or a Committee) responsible for oversee sustainability -related risks and their impacts as well as sustainability-related opportunities.

7.2. Describe how responsibilities for sustainability -related risks and their impacts as well as sustainability-related opportunities are reflected in mandates, role descriptions.

7.3 Describe the process how the body(ies) or individual(s) determine (s) whether appropriate skills and competencies are available to respond to sustainability -related risks and their impacts as well as sustainability-related opportunities over short, medium and long term.

7.4 Provide information about how the controls and procedures are applied to the management of sustainability-related risks and their impacts as well as and sustainability-related opportunities and their integration with governance strategies, performance, and prospects.

7.5 Describe the process by which the body(ies) or individual(s) take(s) into account sustainability - related risks and their impacts as well as sustainability-related opportunities when overseeing, reviewing and guiding the entity's strategy, major plans of action, risk management policies, annual budgets, setting the entity's performance objectives, monitoring performance and progress against goals and targets, overseeing major capital expenditures and acquisitions and progress against goals and targets.

7.6 Describe the process for delegating authority from the highest governance body to senior executives and other employees for dealing with sustainability risks and their impacts as well as sustainability-related opportunities.



7.7 Describe the Processes for consultation between stakeholders and the body(ies) or individual(s) on sustainability-related risks and their impacts as well as sustainability-related opportunities.

7.8 Describe the process by which the body(ies) or individual(s) review (s) and approve (s) the entity's sustainability report and ensure(s) that all material topics are covered.

8. Strategy

8.1 The objective of disclosures on sustainability-related strategy is to enable stakeholders to understand an entity's strategy for managing sustainability -related risks and their impact as well as sustainability-related opportunities over short, medium and long term.

8.2 Specifically, an entity shall disclose information to enable the stakeholders to understand:

8.3 The sustainability -related risks and their impact as well as sustainability-related opportunities that could reasonably be expected to affect and impact the entity's performance, prospects and cash flows over the short, medium and long term.

8.4 The current and anticipated effects of those sustainability-related risks and their impacts as well as sustainability-related opportunities on the entity's business model and value chain: -

8.5 The effects of sustainability -related risks and their impact as well as sustainability-related opportunities on the entity's strategy about adaptation, mitigation and / or its sustainability -related transition plan:

8.6 The resilience of the entity's strategy and its business model to sustainability -related changes, taking into consideration the entity's identified sustainability -related risks and their impact as well as sustainability-related opportunities over short, medium and long term:

8.7 Information about how the entity has responded to, and plans to respond to, sustainability -related risks and opportunities in its strategy and decision-making, including the entity's plans to achieve sustainability -related targets it has set internally /is required to meet by law or regulation:

8.8 Current and planned direct or indirect sustainability risk mitigation and adaptation efforts (for example, through changes in production processes or equipment, relocation of facilities, workforce adjustments, and changes in product specifications); and

8.9 Quantitative and qualitative information about the progress of plans- programs and projects as disclosed in previous reporting periods.



9. Sustainability-related risks and opportunities

An entity shall disclose information that enables stakeholders to understand the current and anticipated effects and impacts of sustainability - related risks, and their impact as well as sustainability-related opportunities on the entity's business model, strategy and value chain over short, medium and long term. The entity shall specifically provide:

- 9.1** A description of the current and anticipated effects and impacts of sustainability -related risk and, their impact as well as sustainability-related opportunities on the entity's business model, strategy and value chain over short, medium and long term and the key assumptions the entity made about sustainability -related policies in the jurisdictions in which the entity operates;
- 9.2** A description of current and anticipated direct and indirect mitigation and adaptation efforts (for example, through working with customers and supply chains);
- 9.3** A description of any sustainability -related transition plan the entity has formulated including information about key assumptions used in developing its transition plan, and dependencies on which the entity's transition plan relies;
- 9.4** A description of current and anticipated changes to the entity's business model, including its resource allocation, to address sustainability -related risks and their impact as well as sustainability-related opportunities over short, medium and long term; and
- 9.5** The entity's capacity to adjust or adapt its strategy and business model to emerging sustainability related changes over the short, medium and long term, including the availability of, and flexibility in action to address sustainability -related risks, their impacts and to take advantage of emerging sustainability -related opportunities by the entity's ability to redeploy, repurpose, upgrade or decommission existing assets;

10. Risk management

- 10.1** The objective of disclosures on sustainability-related risk management is to enable stakeholders to understand an entity's processes to identify, assess, priorities and monitor sustainability -related risks and their impact as well as and sustainability-related opportunities over the short, medium and long term and inform the entity's overall risk management architecture.

To achieve this objective, an entity shall disclose information about:

- 10.2** The processes and related policies the entity uses to identify, assess, prioritize and monitor sustainability -related risks and their impact in the context and circumstances in which the entity operates including information about the inputs and parameters and the activities and processes the entity uses;



- 10.3** A description of how the entity assesses the nature, likelihood, magnitude effects and impacts (such as the qualitative factors, quantitative thresholds and other criteria used) associated with sustainability related risks.
- 10.4** A description of how the entity identifies and monitors sustainability -related risks in the context and relative to other types of risk; and
- 10.5** Describe how, the architecture and processes for identifying, assessing, prioritizing and monitoring sustainability -related risks and their impact as well as and sustainability-related opportunities over the short, medium and long term are integrated into the entities overall risk management architecture and process.

11. Performance, prospects and cash flows

An entity shall disclose information about:

- 11.1** The effects of sustainability -related risks and their impact as well as sustainability-related opportunities over the short, medium and long term on the entity's performance, prospects and cash flows;
- 11.2** A description of how sustainability -related risks and opportunities are included in the entity's business model and business planning; and
- 11.3** A description of how the entity expects its performance, prospects and cash flows to change over the short, medium and long term, given its strategy to manage sustainability -related risks and their impact as well as and sustainability-related opportunities, taking into consideration: its investment and disposal plans (for example, plans for capital expenditure, major acquisitions and divestments, joint ventures, business transformation, innovation, new business areas, and asset retirements)

12. Metrics and targets

- 12.1** The objective of disclosures on sustainability-related metrics and targets is to enable stakeholders to understand an entity's performance, prospects and cash flows over the short, medium and long term in relation to its sustainability -related risks and their impact as well as sustainability-related opportunities, including progress towards any sustainability -related targets it has set / is required to meet by law or regulation.

To achieve this objective, an entity shall disclose:

- 12.2** A description of targets set by the entity/ the entity is required to meet by law or regulation, to mitigate or adapt to sustainability -related risks and their impact over the short, medium and long term or to take advantage of sustainability -related opportunities,



12.3 A description of industry-based metrics that are associated with particular business models, activities and circumstances; and

12.4 A description whether the targets the entity has set to manage sustainability - related risks and their impact as well as sustainability-related opportunities over the short, medium and long term have been validated by a third party.

In describing its targets, organizations should consider including the following

12.4.1 whether the target is absolute or intensity based;

12.4.2 time frames over which the target applies;

12.4.3 base year from which progress is measured;

12.4.4 key performance indicators used to assess progress against targets; and

12.4.5 description of the methodologies used to calculate targets and measures.

13. Judgements and Assumptions

13.1 In the process of preparing sustainability-related disclosures, an entity makes various judgements, apart from those involving estimations, that can significantly affect the context and relevance of information reported in the entity's sustainability-related disclosures.

13.2 When amounts reported in sustainability-related disclosures cannot be measured directly and can only be estimated, uncertainty in measurement arises. In some cases, an estimate involves assumptions about possible future events with uncertain outcomes. The use of reasonable estimates is an essential part of preparing sustainability-related disclosures.

14. Errors of Prior Period

14.1 Prior Period numbers shall be corrected for errors by restating them except where it is not practicable to do so.

14.2 Errors could be either omissions or misstatements or both in the case of Sustainability-related disclosures of numbers in the Prior Period. Such errors or misstatements could arise from a neglect to use or misuse of reliable relevant information which was available when the sustainability-related disclosures for that period(s) were authorized for issue and could reasonably be expected to have been obtained and considered in the preparation of those disclosures.

14.3 Changes in estimates of Prior Period arising out of information available after the sustainability-related disclosures for that period(s) were authorized for issue do not fall within the meaning of Errors dealt with by this Paragraph.

15. General requirements

An entity shall apply judgement to identify information that:



15.1 is relevant to the decision-making of stakeholders; and

15.2 faithfully represents sustainability-related risks and their impact as well as sustainability-related opportunities over short, medium and long term.

16. Presentation

16.1 Information related to sustainability risk, its impact and opportunities pertaining to all Principles of BRSR except Principle 6 (Appendix 1) shall be presented as under

16.1.1 Overview of the entity's material responsible business conduct issues.

This information shall be presented separately as required in Paragraph 26 of Section A - General Information of BRSR namely.

16.1.2 Specific commitments, goals and targets set by the entity with defined timelines, if any – This information shall be presented separately as required in Paragraph 5 of Section B – Management and Process Disclosures of BRSR.

16.1.3 Performance of the entity against the specific commitments, goals and targets along-with reasons in case the same are not met. - This information shall be presented separately as required in Paragraph 6 of Section B – Management and Process Disclosures of BRSR.

16.1.4 Statement by director responsible for the business responsibility report, highlighting ESG related challenges, targets and achievements- This information shall be presented separately as required in Paragraph 7 of Section B – Management and Process Disclosures of BRSR.

16.1.5 Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy (ies). - This information shall be presented separately as required in Paragraph 8 of Section B – Management and Process Disclosures of BRSR.

16.1.6 Does the entity have a specified Committee of the Board/ Director responsible for decision making on sustainability related issues? (Yes / No). If yes, provide details. - This information shall be presented separately as required in Paragraph 9 of Section B – Management and Process Disclosures of BRSR.

17.2 Disclosures

17.2.1. Disclosures shall be made only where material, significant and quantifiable.

17.2.2 Disclosures should be presented in sufficient detail to enable stakeholders to assess the entity's exposure and approach to addressing sustainability-related risks and their impact.

17.2.3 Disclosures should be presented using consistent formats, language, and metrics from period to period to allow for inter-period comparisons.



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- 17.2.4** For quantitative information, the disclosure should include an explanation of the definition and scope applied. For future-oriented data, key assumptions used should be clarified.
- 17.2.5** Disclosures should provide clear explanations of issues. Terms used in the disclosures should be explained or defined for a proper understanding by the shareholders and maintain an appropriate balance between qualitative and quantitative information.
- 17.2.6** Disclosures should be defined, collated, recorded, and analysed in such a way that the information reported is verifiable to ensure it is high quality.
- 17.2.7** Where estimates are made of future / expected sustainability related risks and their impact the basis of estimate shall be disclosed separately.
- 17.2.8** Any change in the methods applied for the Identification and measurement of sustainability related risks and their impact during the period covered by the BRSR report which has a material effect on the performance, prospects and cash flows shall be disclosed. Where the effect of such change is not ascertainable wholly or partly the fact shall be indicated.
- 17.2.9** Related risks and their impact during the period covered by the BRSR report which has a material effect on the performance, prospects and cash flows shall be disclosed. Where the effect of such change is not ascertainable wholly or partly the fact shall be indicated.

18. Effective Date

This Sustainability Standard (ISS 1) General Requirements for Disclosure of Sustainability-related Information shall be effective from 1st April, 2025 and will apply for collation and reporting of sustainability related information by the entities covered under BRSR from the financial year 2025-26.