



# BRSR CORE VALUE CHAIN ASSURANCE FRAMEWORK

FY 2025-26 IMPLEMENTATION GUIDE

**SR ASIA**  
Social Responsibility Asia

**Social Responsibility Asia (SR Asia)**

Corporate Office:

**Ansal Plaza Mall, Sector-1 Vaishali, Ghaziabad – 201010, Uttar Pradesh, India**

**Email: [info@sr-asia.org](mailto:info@sr-asia.org), [www.sr-asia.org](http://www.sr-asia.org) Ph 91-120-4103023**

## **STANDARD DISCLAIMER**

*This document is provided for informational purposes only and does not constitute professional advice. While we strive for accuracy, regulatory requirements (including SEBI BRSR Core) are subject to change and interpretation. Users should consult with qualified legal counsel, assurance providers, and regulatory authorities for guidance specific to their situation.*

*The case studies and examples are hypothetical illustrations only*

**BIRNEDRA RATURI**

SR ASIA

[www.sr-asia.org](http://www.sr-asia.org)

## BRSR Core Value Chain Assurance: The Collaboration Flow

### A Practical Guide for FY 2025-26 Limited Assurance Preparation

#### *Introduction: Why This Workbook?*

The Business Responsibility and Sustainability Reporting (BRSR) framework, spearheaded by SEBI, is evolving from a voluntary disclosure to a mandatory **assured** standard. A critical component of the "BRSR Core" is the assessment of the company's **Value Chain**.

This workbook is designed to be your practical guide. Its objective is to help your company understand, prepare for, and systematically conduct the Value Chain Assessment to meet the requirements for Limited Assurance for the Financial Year 2025-26. Starting now is imperative.

**Who should use this guide?** Sustainability Leads, CFOs, Internal Audit Teams, Procurement Heads, Supply Chain Managers, and Top Management.

### Part 1: Understanding the Objective & Scope

#### *1.1 The "Why": Objective of the Value Chain Assessment*

The primary objective is to move beyond the company's direct operations (Scope 1 & 2 emissions) and understand the broader environmental and social impact, risks, and opportunities embedded within your entire ecosystem. This is about **due diligence** and **risk management**.

For assurance, the objective is to have a **systematic, evidence-based method** to identify, assess, and manage material ESG risks in the value chain, ensuring that disclosures are accurate and reliable.

#### *1.2 The "What": Defining Your Value Chain*

As per BRSR, the value chain includes:

- **Upstream:** Suppliers of products/services (raw material providers, component manufacturers, logistics partners, etc.).
- **Downstream:** Entities that use your products/services (distributors, retailers, customers, and end-of-life treatment operators).

**Materiality is Key:** You are not required to assess every single entity. The focus is on the parts of the value chain that have a **material** ESG impact or pose a **material** risk to your business.

### Part 1: Understanding the Objective & Scope

#### *1.1 The "Why": Objective of the Value Chain Assessment*

The primary objective is to move beyond the company's direct operations (Scope 1 & 2 emissions) and understand the broader environmental and social impact, risks, and opportunities embedded within your entire ecosystem. This is about **due diligence** and **risk management**.

For assurance, the objective is to have a **systematic, evidence-based method** to identify, assess, and manage material ESG risks in the value chain, ensuring that disclosures are accurate and reliable.

#### *1.2 The "What": Defining Your Value Chain*

As per BRSR, the value chain includes:

- **Upstream:** Suppliers of products/services (raw material providers, component manufacturers, logistics partners, etc.).

- **Downstream:** Entities that use your products/services (distributors, retailers, customers, and end-of-life treatment operators).

**Materiality is Key:** You are not required to assess every single entity. The focus is on the parts of the value chain that have a **material** ESG impact or pose a **material** risk to your business.

**Part 2: The Objective Method & Approach: A 6-Phase Framework**

The following is a structured, objective method to conduct your assessment. Treat this as your project plan.

**Phase 1: Governance & Scoping (Months 1-2)**

Step	Action	Output	Responsible
1.1	<b>Form a Cross-Functional Team:</b> Include members from Sustainability, Procurement, Legal, Finance, Supply Chain, and Internal Audit.	Team charter with defined roles.	Top Management
1.2	<b>Define Value Chain Boundaries:</b> Map your entire product/service lifecycle. Identify all upstream and downstream segments.	A high-level value chain map.	Cross-Functional Team
1.3	<b>Apply a Materiality Filter:</b> Using the BRSR Core principles and your companies context, identify which segments are most material. <i>Criteria: Spend volume, geographic risk, single-source dependency, nature of product (e.g., high water usage, hazardous materials), labour intensity.</i>	A prioritized list of value chain segments for deep-dive assessment.	Sustainability Lead

**Phase 2: Data Collection Strategy (Months 2-4)**

Step	Action	Output	Responsible
2.1	<b>Identify Key Data Points:</b> Based on BRSR Core, list the required data. E.g., Energy consumption, water usage, GHG emissions (Scope 3), waste generated, gender parity ratio, wages, occupational safety data from suppliers.	A standardized "ESG Data Request" template.	Sustainability Lead
2.2	<b>Select the Right Tools:</b> Choose your method for data collection. <ul style="list-style-type: none"> <li>• <b>Supplier Sustainability Self-Assessment Questionnaires (SAQ)</b></li> <li>• <b>Direct Integration</b> (for key suppliers with advanced systems)</li> <li>• <b>Desk-based Research</b> (using industry averages, environmental databases) for less material segments.</li> </ul>	Finalized SAQ and data collection tools.	Procurement / IT
2.3	<b>Engage &amp; Communicate:</b> Proactively communicate with your value chain partners. Explain the "why," provide training, and assure them of data confidentiality. This is critical for cooperation.	A communication plan and trained suppliers.	Procurement / Comms

**Phase 3: Risk Assessment & Analysis (Months 4-6)**

Step	Action	Output	Responsible
3.1	<b>Consolidate Data:</b> Gather all responses and data into a central repository.	A consolidated master data file.	Sustainability Lead
3.2	<b>Perform Risk Analysis:</b> Analyze the data against benchmarks, regulations, and your company's policies. Flag non-conformances and high-risk entities. <i>Example: A key supplier in a water-stressed region with high water usage is a high-risk.</i>	A risk-rated list of value chain partners.	Cross-Functional Team
3.3	<b>Conduct Deeper Due Diligence (if needed):</b> For high-risk partners, plan for audits, site visits, or request for additional evidence.	A plan for targeted audits/engagement.	Internal Audit / Procurement

**Phase 4: Disclosure Preparation (Months 6-8)**

Step	Action	Output	Responsible
4.1	<b>Calculate Aggregated Metrics:</b> Calculate your company's aggregate Scope 3 emissions, water footprint, etc., based on the collected data.	Draft BRSR disclosures for value chain.	Sustainability Lead
4.2	<b>Draft Narrative:</b> Prepare the narrative for your annual report explaining the methodology, scope, limitations, and key findings of the value chain assessment.	Draft narrative for management report.	Sustainability Lead
4.3	<b>Prepare Evidence Pack:</b> Compile all supporting documents—SAQs, communication records, analysis sheets, audit reports—in a structured manner. This is crucial for the assurer.	A well-indexed "Assurance Ready" file.	All Functions

**Phase 5: Management Review & Action (Month 8)**

Step	Action	Output	Responsible
5.1	<b>Present to Board/Audit Committee:</b> Present the findings, risks, and proposed action plan to the top management for review and approval.	Minutes of the meeting with approved actions.	CFO / Sustainability Lead
5.2	<b>Develop Corrective Action Plans (CAPA):</b> Work with high-risk partners to develop plans for improvement. Integrate ESG criteria into supplier code of conduct and contracting.	A CAPA tracker for value chain issues.	Procurement

**Phase 6: Assurance Readiness (Months 9-12)**

Step	Action	Output	Responsible
6.1	<b>Conduct a Pre-Assurance Internal Check:</b> Your internal audit team should	Internal audit report on readiness.	Internal Audit

	perform a dry-run using the assurer's perspective to identify gaps.		
<b>6.2</b>	<b>Liaise with Your Assurer:</b> Proactively engage with your appointed assurance provider. Share your methodology and be prepared to explain your process and data sources.	A clear channel of communication with the assurer.	CFO / Sustainability Lead

### Part 3: Preparing for Limited Assurance

Limited Assurance provides a moderate level of confidence. The assurer's objective is to conclude whether anything has come to their attention that causes them to believe the disclosures are materially misstated.

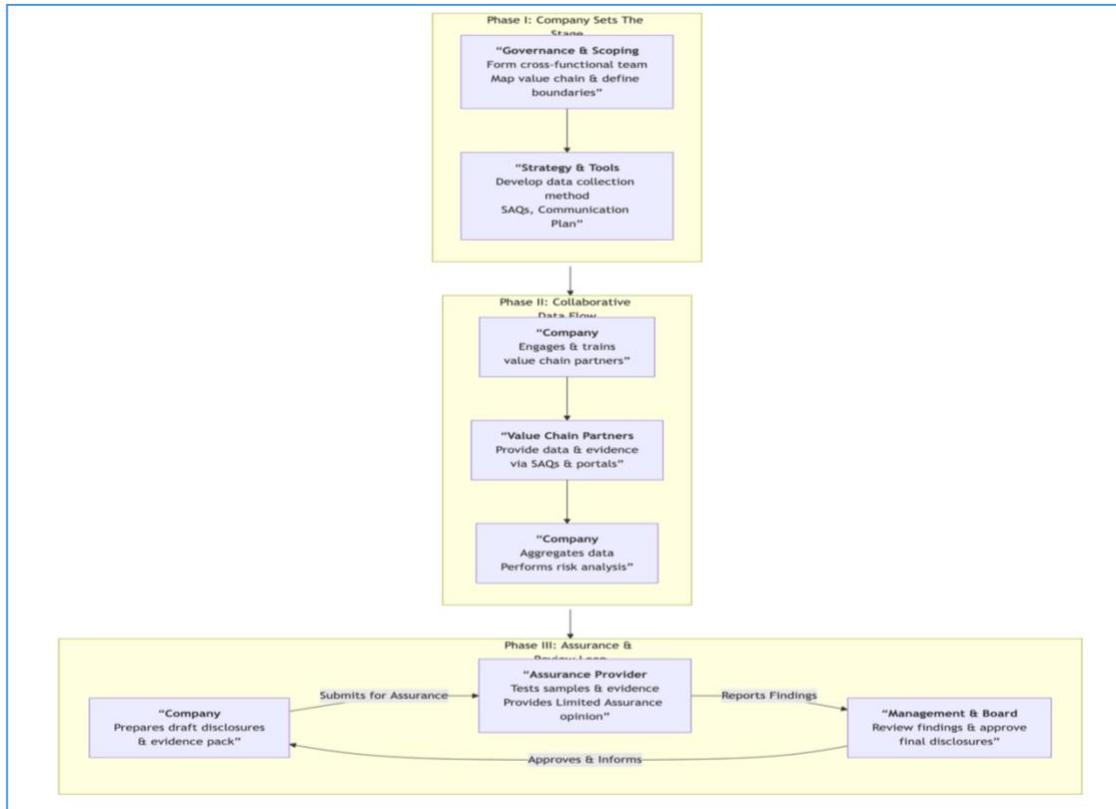
#### What the Assurer Will Scrutinize:

- The Methodology:** Is your process for defining the value chain and materiality reasonable, consistent, and documented?
- Data Completeness & Accuracy:** Is there evidence that the data collected from the value chain is accurate? How did you verify it?
- The "Evidence Pack":** Can you provide supporting documents for your disclosures? This includes SAQs, contracts, communication emails, calculation sheets, and internal review reports.
- Management Oversight:** Is there evidence that the Board and management have reviewed the process and the findings?
- Consistency:** Are the disclosures consistent with the information gathered during the assessment?

#### Your "Assurance Ready" Checklist:

- **Documented Methodology:** A written policy/procedure for Value Chain Assessment.
- **Completed SAQs:** Filled questionnaires from material suppliers, with evidence of follow-up.
- **Data Trail:** Spreadsheets showing how data was aggregated and calculated into final metrics.
- **Communication Records:** Emails and training materials sent to the value chain.
- **Risk Register:** A documented log of identified risks and mitigation plans.
- **Management Minutes:** Proof that the findings were presented to and reviewed by the Board/Audit Committee.
- **Internal Audit Report:** Report from the pre-assurance check.

*Prepared in accordance with SEBI BRSR Core requirements and global sustainability assurance standards*



**Executive Summary: The Value Chain Imperative**

**The Three Pillars of Successful Assurance:**

Role	Key Responsibilities	Key Inputs	Key Outputs
<b>1. The Company (You)</b>	<ul style="list-style-type: none"> <li>• Lead the process &amp; set rules</li> <li>• Engage &amp; train partners</li> <li>• Analyze data &amp; manage risk</li> <li>• Prepare disclosures &amp; evidence</li> </ul>	<ul style="list-style-type: none"> <li>• Value Chain Map</li> <li>• SAQs &amp; Tools</li> <li>• Internal Policies</li> </ul>	<ul style="list-style-type: none"> <li>• Draft BRSR Report</li> <li>• Risk Register</li> <li>• <b>Complete Evidence Pack</b></li> </ul>
<b>2. Value Chain Partners</b>	<ul style="list-style-type: none"> <li>• Provide accurate data</li> <li>• Implement corrective actions</li> <li>• Maintain supporting evidence</li> </ul>	<ul style="list-style-type: none"> <li>• Operational Data</li> <li>• Policies &amp; Certificates</li> <li>• Proof of Implementation</li> </ul>	<ul style="list-style-type: none"> <li>• Completed SAQs</li> <li>• Supporting Documents</li> <li>• <b>Data for Aggregation</b></li> </ul>
<b>3. Assurance Provider</b>	<ul style="list-style-type: none"> <li>• Verify process robustness</li> <li>• Test data accuracy &amp; samples</li> <li>• Provide independent opinion</li> </ul>	<ul style="list-style-type: none"> <li>• Company's Evidence Pack</li> <li>• Sample of Partner Data</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Limited Assurance Opinion</b></li> <li>• Management Letter</li> <li>• Recommendations</li> </ul>

**Critical Handshakes for Success:**

- Company ⇒ Value Chain:** Clear communication and training are vital. Partners must understand the "why" and "what" to provide quality data.
- Value Chain ⇒ Company:** Timely and accurate data flow is the foundation. Without it, the entire assessment fails.
- Company ⇒ Assurance Provider:** A well-organized, transparent **Evidence Pack** is the key to a smooth assurance process and a clean opinion.
- Assurance Provider ⇒ Company:** The feedback loop (Management Letter) is not a critique but a roadmap for continuous improvement in the next cycle.

**Outcome:** A BRSR Core report that is not just compliant, but a true reflection of your company's commitment to sustainable and responsible business, building trust with investors, customers, and regulators

## 1.1 The Assurance Timeline

With BRSR Core becoming mandatory for the top 1,000 listed companies and requiring limited assurance from FY 2025-26, value chain assessment transitions from voluntary disclosure to mandatory compliance. This workbook provides a structured approach to build capabilities, establish processes, and prepare for successful limited assurance.

## 1.2 Business Case Beyond Compliance

Companies implementing robust value chain assessment processes typically realize:

- **15-25% reduction** in supply chain ESG risks
- **8-12% improvement** in investor confidence scores
- **20-30% enhancement** in stakeholder trust metrics
- **5-15% cost savings** through resource efficiency in value chain

## 1.2 Materiality Assessment Framework

### Annexure 1: Value Chain Materiality Matrix Template

Value Chain Segment	Spend (% of total)	Geographic Risk	Single Source Dependency	ESG Impact Significance	Overall Materiality Score
Battery Cells	18%	High	Medium	Very High	9.2/10
Steel Procurement	22%	Medium	Low	High	7.8/10
Electronic Components	15%	High	High	Medium	8.1/10
Logistics Services	8%	Low	Low	Medium	5.5/10

\*Scoring: 1-3 (Low), 4-6 (Medium), 7-10 (High)\*

## Section 1: Understanding Value Chain Boundaries & Materiality

### 1.1 Defining Your Value Chain Universe

#### Example: Automotive Manufacturing Company

##### Upstream Boundaries:

- Tier 1: Component manufacturers (batteries, electronics, interiors)
- Tier 2: Raw material suppliers (steel, aluminum, lithium, cobalt)
- Tier 3: Mining operations and raw material extraction
- Service providers: Logistics, warehousing, IT services

##### Downstream Boundaries:

- Distributors and dealerships
- End customers (vehicle usage phase)
- Recycling and end-of-life treatment partners
- Service and maintenance networks

## Section 2: The 6-Phase Implementation Methodology

### Phase 1: Governance & Scoping (Months 1-2)

#### Example: Governance Structure

*Steering Committee:* CEO, CFO, Chief Procurement Officer, Sustainability Head  
*Working Group:* Cross-functional team with representatives from all business units  
*Implementation Team:* Dedicated resources from sustainability and procurement

#### Deliverable: Value Chain Governance Charter

- Defined roles and responsibilities
- Escalation matrix for issues

- Decision-making authority matrix
- Meeting frequency and reporting structure

### Phase 2: Data Collection Strategy

#### Annexure 2: Supplier Sustainability Assessment Questionnaire (SAQ)

##### Part A: Environmental Parameters

##### 1. Energy & Emissions

- Total energy consumption (kWh): \_\_\_\_\_
- Percentage renewable energy: \_\_\_\_\_%

- Scope 1 emissions (tCO2e): \_\_\_\_\_
- Scope 2 emissions (tCO2e): \_\_\_\_\_
- Water consumption (m³): \_\_\_\_\_
- Waste generation (tons): \_\_\_\_\_

**2. Social Parameters**

- Total workforce: \_\_\_\_\_
- Female workforce percentage: \_\_\_\_\_ %
- Average training hours/employee: \_\_\_\_\_
- Lost Time Injury Frequency Rate: \_\_\_\_\_
- Percentage permanent workforce: \_\_\_\_\_ %

**3. Governance Parameters**

- Does your company have an anti-corruption policy?  Yes  No
- Percentage of suppliers screened for ESG risks: \_\_\_\_\_ %
- Board-level oversight for sustainability:  Yes  No

**Evidence Required:**

- Energy bills, emission calculation sheets
- HR policies and diversity data
- Safety committee meeting minutes
- Board composition and committee charters

**Phase 3: Risk Assessment & Analysis**

**Annexure 3: Value Chain Risk Assessment Matrix**

Supplier	ESG Risk Category	Risk Level	Impact	Likelihood	Risk Score	Mitigation Plan
ABC Battery Co.	Environmental (Water)	High	4	3	12	Water recycling implementation by Dec 2025
XYZ Steel Ltd.	Social (Working Hours)	Medium	3	2	6	Working hour monitoring system
DEF Electronics	Governance (Ethics)	High	4	4	16	Third-party ethics audit

\*Risk Score = Impact (1-5) × Likelihood (1-5)\*

**Phase 4: Disclosure Preparation**

**Example: Scope 3 Emissions Calculation**

Using spend-based method for initial assessment:

Total Category Spend: ₹50 crores

Emission Factor: 2.5 tCO2e/₹ lakh

Scope 3 Emissions:  $50,000,000 \times 2.5 / 100,000 = 1,250 \text{ tCO}_2\text{e}$

**Annexure 4: BRSR Core Value Chain Disclosure Template**

Principle	Disclosure Requirement	Data Source	Calculation Methodology	FY24-25 Data	FY25-26 Target
Principle 3	Scope 3 Emissions	Supplier SAQ, Spend data	Hybrid (spend-based + supplier specific)	12,500 tCO2e	11,250 tCO2e
Principle 4	Water Consumption	Water intensity factors	Supplier data extrapolation	150,000 m³	135,000 m³
Principle 5	Employee Diversity	Supplier HR data	Direct reporting	28% women	32% women

**Phase 5: Management Review & Action**

**Annexure 5: Corrective and Preventive Action (CAPA) Register**

Issue Identified	Root Cause	Action Plan	Responsible	Due Date	Status
High water usage in supplier operations	Lack of recycling systems	Install water treatment plant	Supplier Operations Head	30-Nov-2025	In Progress
Inadequate safety training	Limited training budget	Develop online training modules	Supplier HR Head	31-Dec-2025	Planned
No ESG policy at supplier	Lack of awareness	Policy development workshop	Sustainability Team	15-Oct-2025	Completed

**Phase 6: Assurance Readiness**

**Annexure 6: Assurance Readiness Checklist**

**Documentation Requirements:**

- Value Chain Mapping Document
- Materiality Assessment Report
- Supplier Communication Records
- Completed SAQs with evidence
- Data Aggregation Sheets
- Risk Assessment Reports
- Management Review Minutes
- CAPA Register
- Internal Audit Reports
- Board Approval Documents

**Section 3: Practical Implementation Examples**

**Case Study 1: Manufacturing Company**

**Company Profile:** Large automotive manufacturer with 500+ direct suppliers

**Results:**

**Implementation Approach:**

1. **Prioritization:** Focused on top 100 suppliers (80% of spend)
  2. **Data Collection:** Hybrid approach - SAQ for all, site audits for high-risk
  3. **Technology:** Implemented supplier sustainability portal
  4. **Timeline:** 9-month implementation cycle
- Identified 15 high-risk suppliers requiring immediate intervention
  - Achieved 85% response rate on SAQs
  - Developed 3-year supplier development program
  - Reduced identified ESG risks by 40% within first year

**Case Study 2: Consumer Goods Company**

**Company Profile:** FMCG major with complex agricultural supply chain

**Implementation Approach:**

1. **Segmentation:** Different approaches for large corporates vs. small farmers
  2. **Simplified Tools:** Mobile-based data collection for small suppliers
  3. **Incentives:** Linked sustainability performance to preferred supplier status
  4. **Capacity Building:** Training programs for suppliers
- 30% reduction in water footprint across value chain
  - Enhanced brand reputation and customer trust
  - Improved investor ESG ratings

**Results:**

- 95% of key raw materials from sustainable sources

**Section 4: Technology Enablement**

**4.1 Recommended Tool Stack**

**Tier 1: Basic (Manual Process)**

- Excel-based templates and questionnaires
- Email communication and tracking
- Shared drive for document storage

**Tier 2: Intermediate (Automated)**

- Dedicated sustainability software (EcoVadis, Worldly)
- Supplier portals for data collection

- Automated reminder and escalation systems

**Tier 3: Advanced (Integrated)**

- ERP-integrated sustainability modules

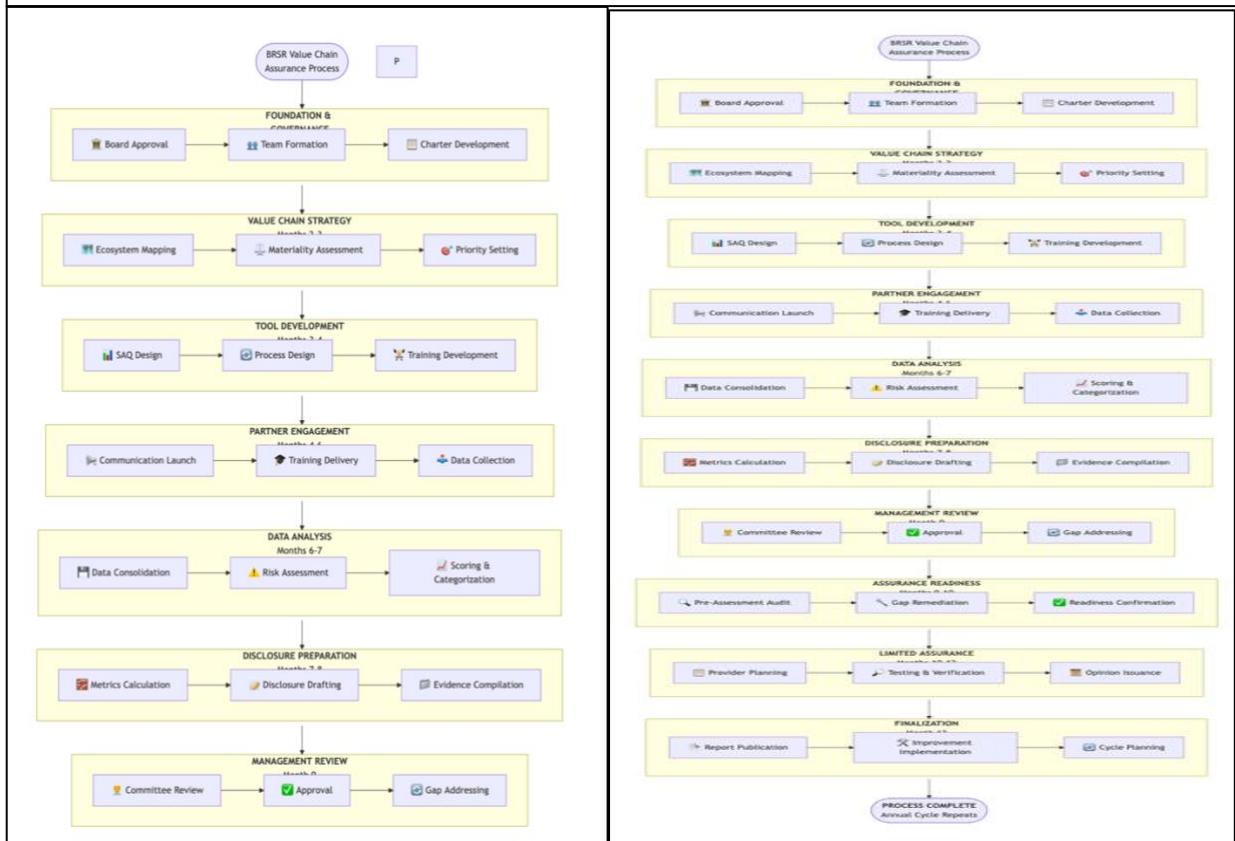
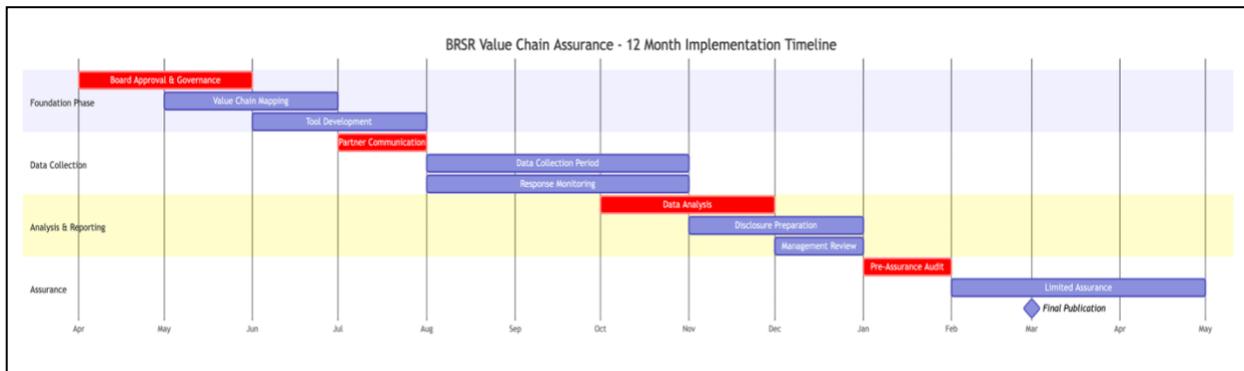
- Real-time dashboards and analytics
- AI-powered risk assessment tools
- Blockchain for traceability

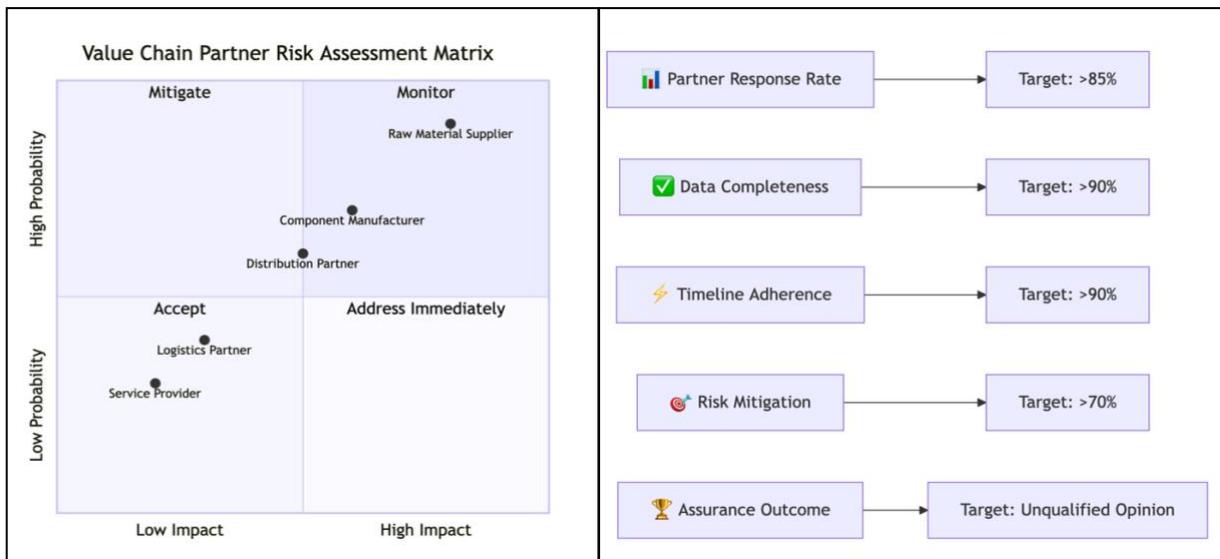
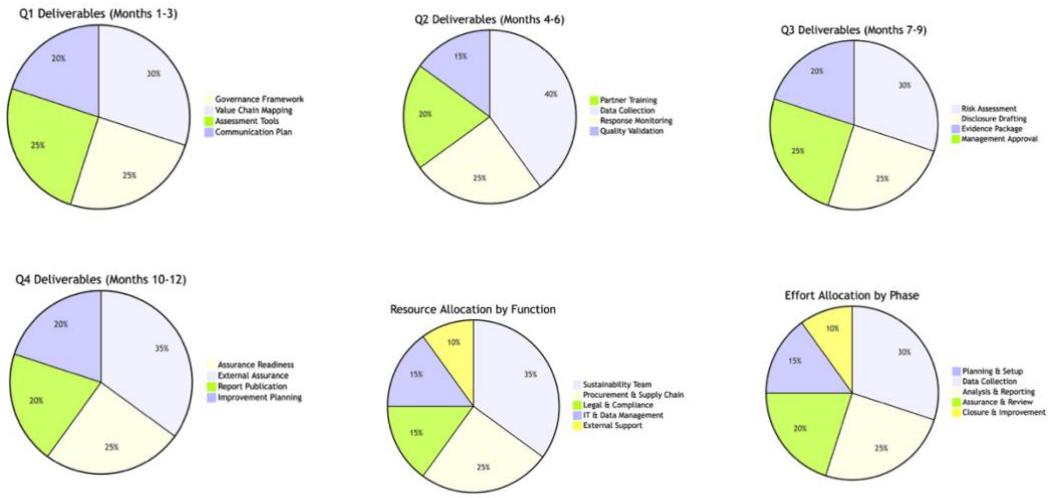
**4.2 Data Management Best Practices**

**Annexure 7: Data Quality Framework**

Quality Dimension	Requirement	Validation Method
Completeness	>90% data coverage for material suppliers	Gap analysis and coverage reports
Accuracy	<5% variance in sample testing	Third-party verification of sample data
Timeliness	Data within reporting period	Timestamp validation
Consistency	Same methodology across value chain	Methodology documentation review

**Section 5: Limited Assurance Preparation**





### 5.1 The Assurance Process

#### Stage 1: Planning & Scoping

- Understanding of value chain boundaries
- Risk assessment of the process
- Sample selection for testing

#### Stage 2: Execution

- Testing of controls and processes
- Substantive testing of disclosures
- Verification of supporting evidence

#### Stage 3: Reporting

- *Risk:* Unable to support disclosures
- *Mitigation:* Centralized evidence repository

#### 4. Weak Supplier Engagement

- *Risk:* Low response rates and poor data
- *Mitigation:* Clear communication and capacity building

### 5.3 Success Metrics

- Limited assurance opinion
- Management letter with observations
- Recommended improvements

### 5.2 Common Pitfalls to Avoid

#### 1. Incomplete Value Chain Mapping

- *Risk:* Missing material ESG impacts
- *Mitigation:* Comprehensive stakeholder engagement

#### 2. Poor Data Quality

- *Risk:* Assurance qualification
- *Mitigation:* Robust data validation processes

#### 3. Inadequate Documentation

#### Process Metrics:

- SAQ response rate >80%
- Data completeness >90%
- Risk mitigation plan implementation >70%

#### Outcome Metrics:

- Reduction in material ESG risks
- Improvement in sustainability scores
- Positive assurance opinion
- Enhanced stakeholder confidence

## Conclusion: Your 12-Month Roadmap

### Immediate Actions (Next 30 days)

1. Establish cross-functional team
2. Conduct initial value chain mapping
3. Develop communication strategy for suppliers
4. Select and customize assessment tools

### Short-term (1-6 months)

1. Complete materiality assessment
2. Launch supplier engagement program
3. Collect baseline data
4. Conduct initial risk assessment

### Medium-term (6-9 months)

1. Implement improvement programs
2. Prepare draft disclosures
3. Conduct internal pre-assurance audit
4. Management review and approval

### Long-term (9-12 months)

1. Finalize disclosures and evidence pack
2. Engage with assurance provider
3. Complete limited assurance process
4. Implement continuous improvement cycle

### Appendix:

- Annexure 1: Value Chain Materiality Matrix Template
- Annexure 2: Supplier Sustainability Assessment Questionnaire
- Annexure 3: Risk Assessment Matrix
- Annexure 4: BRSR Disclosure Template
- Annexure 5: CAPA Register Template
- Annexure 6: Assurance Readiness Checklist
- Annexure 7: Data Quality Framework

*This workbook aligns with SEBI BRSR Core requirements, ICAI assurance standards, and global best practices including ISAE 3000 and AA1000AS.*

## Case Study: "Auto Components Ltd." - Pioneering BRSR Value Chain Assurance in India

**Company Profile:** A leading Indian automotive components manufacturer, supplying to global OEMs.

- **Revenue:** ₹5,200 Crores
- **Employees:** 8,000+
- **Value Chain:** 300+ direct suppliers (Tier-1), 2000+ sub-suppliers (Tier-2 & 3)
- **BRSR Status:** Voluntarily moved to BRSR Core and sought limited assurance for its value chain in FY 2023-24 as a pilot for mandatory requirements.

### The Challenge: A Complex, Global Supply Chain

Auto Components Ltd. faced a multi-faceted challenge:

1. **Regulatory Pressure:** Preparing for upcoming mandatory BRSR Core assurance.
2. **Customer Demand:** Global automotive OEMs demanded assured ESG data from their supply chain.
3. **Reputation Risk:** 60% of their spend was with 50 suppliers, many of whom were MSMEs (Micro, Small & Medium Enterprises) with limited ESG maturity.
4. **Data Complexity:** Key material issues included Scope 3 GHG emissions, water stewardship, and labor practices deep in the supply chain.

### The Implementation Journey: A Phased Approach

#### Phase 1: Materiality-Driven Scoping (Months 1-2)

Instead of assessing all 300 suppliers, Auto Components used a risk-based approach.

#### Process:

1. **Spend Analysis:** Identified the top 80 suppliers representing 75% of their procurement spend.
2. **Geographic Risk Mapping:** Flagged suppliers located in water-stressed areas or regions with known labor issues.
3. **Commodity Risk Assessment:** Prioritized suppliers of high-impact materials (e.g., aluminum, steel, plastics) and energy-intensive processes.

**Outcome:** A focused list of 55 "Material Suppliers" was created for the first-year assurance scope.

#### Phase 2: Capacity Building & Collaborative Data Collection (Months 3-6)

Recognizing that most MSME suppliers were new to ESG reporting, Auto Components invested heavily in support.

**Actions Taken:**

- **Developed a "BRSR Lite" Portal:** A simplified, bilingual (English/Hindi) online portal for suppliers to submit data.
- **Conducted Webinars & Workshops:** Held 12 training sessions, explaining *why* this data was important and *how* to fill the forms.
- **Created a Supplier Helpline:** Dedicated team to answer queries and assist with data collection.
- **Shared Templates:** Provided simple Excel templates for collecting energy bills, water consumption records, and payroll data.

**Supplier Quote:** *"We initially saw this as another compliance burden. But the training helped us understand that tracking our energy and water use also helps us save costs. The portal was easy to use."* - Owner, a precision machining MSME supplier.

**Phase 3: The Assurance Methodology for the Value Chain**

This was the most critical and innovative part. The company and their external assurance provider (one of the Big 4) agreed on a **"Multi-Tiered Assurance Approach"**.

Tier	Supplier Profile	Assurance Procedure
<b>Tier A</b>	15 Key Suppliers (High Risk/High Spend)	<b>Direct Testing by Assurer:</b> The assurance provider physically visited 5 and remotely reviewed evidence (invoices, policies, permits) for 10 suppliers.
<b>Tier B</b>	40 Other Material Suppliers	<b>Indirect Assurance via Company's Process:</b> The assurer tested Auto Components' <i>process</i> of collecting, validating, and aggregating this data. They sampled 10 supplier files to check the company's internal controls.
<b>Tier C</b>	Remaining Suppliers	<b>Analytical Procedures:</b> For non-material suppliers, the assurer used analytical procedures and industry averages to check the reasonableness of the aggregated data (e.g., Scope 3 emissions).

**Phase 4: Overcoming Hurdles & Key Findings**

- **Challenge 1: Data Availability.** Many suppliers did not have metered data for water or specific energy consumption.
  - **Solution:** Used proxy calculations (e.g., water from tanker receipts, electricity from diesel generator logs) with clear disclosure of methodologies and assumptions in the report.
- **Challenge 2: Lack of Formal Policies.** Most MSMEs lacked formal policies on diversity or anti-corruption.
  - **Solution:** The assurance focused on *practices* rather than policies. For example, they verified gender diversity through payroll records instead of looking for a formal diversity policy.
- **Key Finding:** The assessment revealed that **over 35% of their prioritized suppliers were in water-stressed districts**, a significant previously unquantified risk.

**The Outcome & Business Value**

1. **Successful Limited Assurance Opinion:** Auto Components Ltd. received an unqualified limited assurance opinion on its BRSR Core report, **including its value chain disclosures**, for FY 2023-24.
2. **Tangible Business Benefits:**
  - **Risk Mitigation:** Identified water risks led to the development of a joint water conservation fund with critical suppliers.
  - **Cost Savings:** Several suppliers, after tracking their energy data, initiated energy efficiency projects, reducing costs which made them more competitive.
  - **Enhanced Trust:** Became a "preferred supplier" for two global OEMs due to their transparent and assured ESG footprint.

- **Investor Confidence:** The company's ESG rating improved significantly, attracting ESG-focused funds.
- 3. **Supplier Development:** The process transformed the company's relationship with its suppliers from transactional to collaborative, building a more resilient and sustainable ecosystem.

### Annexure: Sample Extract from Auto Components' BRSR Report

#### Disclosure on Value Chain Assurance Approach:

"For the financial year 2023-24, the scope of limited assurance extended to select Value Chain partners. We engaged with 55 material suppliers, representing 52% of our total procurement spend. Our assurance provider, [Name of Big4 Firm], performed procedures on a sample of these partners. The assurance over the value chain data was obtained through a combination of direct testing of supplier evidence and testing of the Company's internal controls over data aggregation and validation. The methodologies and assumptions for calculating Scope 3 emissions and other value chain metrics have been detailed in Note X of this report."\*

#### Key Takeaways for Indian Companies

1. **Start with Materiality:** Don't boil the ocean. Focus on partners that truly matter to your business and impact.
2. **Invest in Capacity Building:** The success of value chain assurance hinges on the ability of your partners to provide data. Support them.
3. **Adopt a Tiered Assurance Approach:** This is a practical and cost-effective method endorsed by assurance providers. Not every supplier needs a direct audit.
4. **Focus on Practices, Not Just Policies:** Especially in an MSME-dominated ecosystem, evidence of action (payroll, invoices) is more valuable than a document.
5. **Unlock Business Value:** Frame this not as a compliance cost, but as a strategic initiative for risk management, cost optimization, and market differentiation.

This case study demonstrates that while BRSR value chain assurance is challenging, it is achievable and can deliver significant strategic value beyond mere regulatory compliance.