



## **CORPORATE CLIMATE ACTION PROGRAMMES – BARE MINIMUM REQUIREMENT IN DISCLOSURES**

The capital market regulator, the Securities and Exchange Board of India (SEBI) has introduced updated format of Business Responsibility and Sustainability Reporting (BRSR) vide its Circular dated 12<sup>th</sup> July, 2023 on this subject.

As per the said Circular, the top 1000 listed entities as per the Market Capitalisation shall disclose in the updated BRSR format from the financial year 2023-24. And, the top 150 listed entities as per the Market Capitalisation shall additionally undertake reasonable assurance of 9 Core Attributes as well as disclosures on value chain from financial year 2023-2024.

Energy, Emissions, Water and Waste management, employee well-being, gender diversity, inclusive development, fairness in engaging suppliers and customers and openness of the business form part of the said 9 Core Attributes. No doubt, this regulatory requirement is in furtherance of climate action initiatives of Government of India.

It is interesting to note that the No.1 entity has a Market Cap (as at March 31 2023) of Rs .16 Lakh Crores while the 50<sup>th</sup> entity has about Rs 1 Lakh Crores and 100<sup>th</sup> one has less than Rs 50k Crores; 150<sup>th</sup> with about RS 33k Crores and 200<sup>th</sup> one had a Market Cap of Rs. 21k Crores. The 500<sup>th</sup> one had a Market Cap of just less than Rs5k Crores. The top entity is 320 times bigger than the 500<sup>th</sup> entity. This gives a picture of additional disclosure and compliance requirements under BRSR and BRSR Core. SEBI is actively considering changing the definition of the top and mid-market cap entities.

BRSR Core is nothing but a sub-set of the BRSR. All the 9 Core Attributes covered by BRSR Core could also be seen in the updated BRSR format itself. For example, the first parameter of BRSR Core which talks about the Scope 1 and Scope 2 Emissions and its Intensity is part of the updated BRSR format also as Question 6 of Core essential indicators in Principle 6. It is only with respect to the 9 Core Attributes covered under BRSR Core, SEBI mandates listed entities having specified Market Cap to provide reasonable assurance.

With respect to providing reasonable assurance, listed entities must mention the name of the assurance provider against the respective Core Attribute in the updated BRSR format itself. Further, the listed entities must ensure that the assurance provider of the BRSR Core has the necessary expertise, for undertaking reasonable assurance and the listed entity must ensure that there is no conflict of interest with the assurance provider appointed for assuring the BRSR Core.

With respect to disclosures for value chain, SEBI has made it clear that the value chain shall encompass the top upstream and downstream partners of a listed entity, cumulatively comprising 75% of its purchases / sales (by value) respectively. SEBI has clarified that listed entities shall report the Key Performance Indicators in the BRSR Core for their value chain to the extent it is attributable to their business with that value chain partner. The Circular dated 12<sup>th</sup> July 2023 states that such reporting may be segregated for upstream and downstream partners or can be reported on an aggregate basis.

We welcome queries on any aspect of BRSR or generally on ESG compliance, implementation, assurance process or generally on ESG. We have specialist professionals who can provide you solutions on the same.

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