



भारतीय प्रतिभूति और विनिमय बोर्ड  
Securities and Exchange Board of India

# Consultation Paper

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Recommendations of the Expert Committee for  
Facilitating Ease of Doing Business with respect to  
Business Responsibility and Sustainability Report (BRSR)

MAY 22, 2024



## OBJECTIVE

1. The objective of this consultation paper is to seek comments / views / suggestions from the public and other stakeholders on recommendations of the Expert Committee for facilitating ease of doing business (“**Expert Committee**”) with respect to the Business Responsibility and Sustainability Report (**BRSR**).

## BACKGROUND AND CONSTITUTION OF AN EXPERT COMMITTEE

2. One of the announcements in the Union Budget for FY 2023-24, was: *“To simplify, ease and reduce cost of compliance, financial sector regulators will be requested to carry out a comprehensive review of existing regulations. For this, they will consider suggestions from public and regulated entities.....”*
3. Pursuant to the Budget Announcement, an Expert Committee chaired by Shri S.K. Mohanty, ex-Whole Time Member, SEBI was set up to *inter-alia* review the LODR and ICDR Regulations from the point of view of facilitating ease of doing business.
4. Further, SEBI, pursuant to its press release dated October 4, 2023, invited suggestions from the public and regulated entities to simplify, ease and reduce the cost of compliance under various SEBI regulations, including SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**LODR Regulations**” or “**LODR**”). Accordingly, public comments on LODR and circulars issued thereunder, which *inter-alia* include the regulatory framework for BRSR, have been deliberated by the Expert Committee.
5. The Expert Committee has submitted a report containing recommendations with respect to BRSR, which can be accessed [here](#). The report *inter-alia* covers detailed recommendations on BRSR and rationale thereof.
6. The report of the Expert Committee has also been deliberated internally as well as at the SEBI ESG Advisory Committee (EAC).



## PROPOSALS ON BRSR

7. The proposals on BRSR are **summarized** hereunder -

### 7.1. **Value Chain**

7.1.1. To redefine value chain partners as follows: “*Value chain shall encompass the upstream and downstream partners of a listed entity, individually comprising 2% or more of the listed entity's purchases / sales (by value) respectively.*”

7.1.2. **Alternative Proposal to Para 7.1.1 above and its rationale:** To redefine value chain partners as follows: “*Value chain shall encompass the upstream and downstream partners of a listed entity, individually comprising 2% or more of the listed entity's purchases / sales (by value) respectively, and cumulatively comprising at least 75% of the listed entity's purchases / sales (by value), respectively.*”

Rationale: This shall bring down the maximum possible number of upstream/downstream value chain partners from 50 (in case of 2% threshold) to 38 (in case of 2% threshold with cut-off of 75%), hence enabling additional ease of doing business while still ensuring coverage of key value chain partners.

7.1.3. For the first year of reporting ESG disclosures for value chain, i.e. FY 2024-25, reporting previous year numbers shall be voluntary.

7.1.4. “Voluntary” disclosures approach in place of “comply or explain” approach for ESG disclosures for value chain and assurance thereof.

7.1.5. **Additional Proposal:** The listed entity shall disclose the percentage of total sales and purchases covered by the value chain partners for which ESG disclosure are provided.

7.2. **Green Credits:** In view of Ministry of Environment, Forest and Climate Change (MoEFCC) notification<sup>1</sup> dated February 22, 2024, the following **leadership** indicator may be added under BRSR:

7.2.1. *How many Green Credits have been generated:*

7.2.1.1. *By the company*

7.2.1.2. *By the value chain partners*

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<sup>1</sup> <http://www.indiaenvironmentportal.org.in/files/file/notifcation%20on%20green%20credit.pdf>



**7.3. Substituting the term “Assurance” with “Assessment”**

7.3.1. With regards to BRSR, the term “assurance” shall be substituted with “assessment” in LODR Regulations and SEBI circulars on BRSR.

**7.3.2. *Applicability:***

7.3.2.1. Disclosures for FY2023-24: Companies shall be provided with an option either to undertake ‘assessment’ or ‘reasonable assurance’ of BRSR Core disclosures for FY2023-24.

7.3.2.2. Disclosures for FY2024-25 and onwards: Assurance will be substituted with ‘Assessment’.

**7.3.3. Alternative Proposal to Para 7.3.1 and 7.3.2 above and its rationale:**

7.3.3.1. With regards to BRSR, the term “assurance” shall be substituted with “assessment or assurance”.

7.3.3.2. The above shall come into effect from disclosures for FY2023-24.

7.3.3.3. Rationale: This shall provide flexibility to listed entities to undertake either assessment (which is cost-effective and not burdensome) or assurance (which may be requested by investors/ clients of listed entities). The option of undertaking assessment rather than assurance of ESG data shall facilitate ease of doing business.

## PUBLIC COMMENTS

8. Public Comments are solicited on the aforesaid recommendations with respect to BRSR. The comments / suggestions along with rationale should be submitted no later than **June 12, 2024**, through the following link:

<https://www.sebi.gov.in/sebiweb/publiccommentv2/PublicCommentAction.do?doPublicComments=yes>

9. In case of any technical issue in submitting your comment through web based public comments form, you may write to [consultationcfd@sebi.gov.in](mailto:consultationcfd@sebi.gov.in) with the subject: "*Comments on the Recommendations of the Expert Committee for Facilitating Ease of Doing Business with respect to BRSR*".

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