

SEBI

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### ASIFMA AMG response to the Recommendations of the SEBI Expert Committee for facilitating ease of doing business with respect to Business Responsibility and Sustainability Report (BRSR)

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<b>Organization Type</b>	Industry Association
<b>Organisation Name</b>	
<b>Consultation</b>	Recommendations of the SEBI Expert Committee for facilitating ease of doing business with respect to Business Responsibility and Sustainability Report (BRSR)

	Comments
<p><b>Proposal 1</b> 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 or sales (by value) respectively."  <input checked="" type="checkbox"/> Skip this Proposal  <input type="checkbox"/> Strongly Agree  <input type="checkbox"/> Agree  <input type="checkbox"/> Partially Agree  <input type="checkbox"/> Disagree  <input type="checkbox"/> Strongly Disagree</p>	

## DEVELOPING ASIAN CAPITAL MARKETS

	Comments
<p>Alternatively, <b>Proposal 2</b> 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 or sales (by value) respectively, <u>and cumulatively comprising at least 75% of the listed entity's purchases or sales (by value), respectively.</u>" [Refer para 7.1.2 of Consultation Paper]</p> <p> <input type="checkbox"/> Skip this Proposal  <input type="checkbox"/> Strongly Agree  <input type="checkbox"/> Agree  <input checked="" type="checkbox"/> <b>Partially Agree</b>  <input type="checkbox"/> Disagree  <input type="checkbox"/> Strongly Disagree </p>	<p>On behalf of the Asia Securities Industry &amp; Financial Markets Association Asset Management Group or AAMG, we express the views of our members which are predominantly global asset managers.</p> <p>For value chain disclosures, the BRSR has a cross-sectoral approach. Disclosures and assurance of metrics will be challenging for sectors such as the financial services, as currently no industry-wide standards exist on how to measure impacts that are connected to the listed entity through its investments, other than Scope 3 GHG emissions under Category 15 of the GHG Protocol.</p> <p>We would prefer that the BRSR requirements for value chains consider not only dependencies on these partners (as per the numerical threshold) but also whether any partner not meeting these thresholds are more exposed to the likelihood of actual or potential environmental and/or social risks.</p>
<p><b>Proposal 3</b> For the first year of reporting ESG disclosures for value chain, i.e. FY 2024-25, it may be clarified that reporting previous year numbers shall be voluntary.</p> <p> <input type="checkbox"/> Skip this Proposal  <input type="checkbox"/> Strongly Agree  <input checked="" type="checkbox"/> <b>Agree</b>  <input type="checkbox"/> Partially Agree  <input type="checkbox"/> Disagree  <input type="checkbox"/> Strongly Disagree </p>	<p>Investors generally find it be useful for regulators to encourage the provision of prior year data to make disclosures comparable and assist with trend analysis.</p> <p>We note however that ISSB Standards issued by the International Sustainability Standards Board are a global baseline and even they provide transition relief from providing comparative information in the first year in which an issuer applies the standards.</p>

	Comments
<p><b>Proposal 4</b> "Voluntary" disclosures approach in place of "comply or explain" approach for ESG disclosures for value chain and assurance thereof.</p> <p> <input type="checkbox"/> Skip this Proposal  <input type="checkbox"/> Strongly Agree  <input type="checkbox"/> Agree  <input type="checkbox"/> Partially Agree  <input checked="" type="checkbox"/> Disagree  <input type="checkbox"/> Strongly Disagree </p>	<p>We note that market participants including international investors have been expecting and preparing for the original requirements of the BRSR for almost a year. Some of our members view SEBI's requirements announced last year as market-leading, and any backtracking now can have a negative impact on market confidence and competitiveness.</p> <p>We generally encourage a "comply-or-explain" regime, in preference to a voluntary regime, to encourage more rather than less disclosures when relevant data, science, standards, controls, and reporting methodologies are still evolving and may diverge among different sectors.</p> <p>If SEBI were inclined to adopt a voluntary regime, wording should be strong enough to encourage disclosures, where it is practicable. Recognising SEBI's efforts to facilitate the ease of doing business, we would suggest a phased approach starting with "voluntary" disclosures for FY2024-25 and "comply-or-explain" thereafter.</p>
<p><b>Proposal 5</b> The listed entity shall disclose the percentage of total sales and purchases covered by the value chain (VC) partners for which ESG disclosure are provided. [Refer para 7.1.5 of Consultation Paper]</p> <p> <input checked="" type="checkbox"/> Skip this Proposal  <input type="checkbox"/> Strongly Agree  <input type="checkbox"/> Agree  <input type="checkbox"/> Partially Agree  <input type="checkbox"/> Disagree  <input type="checkbox"/> Strongly Disagree </p>	
<p><b>Proposal 6</b> Addition of a leadership indicator under Principle 6 of BRSR, seeking disclosure on how many green credits have been generated (i) by the company, (ii) by the value chain partners.</p> <p> <input checked="" type="checkbox"/> Skip this Proposal  <input type="checkbox"/> Strongly Agree  <input type="checkbox"/> Agree  <input type="checkbox"/> Partially Agree  <input type="checkbox"/> Disagree  <input type="checkbox"/> Strongly Disagree </p>	

	Comments
<p><b>Proposal 7</b> With regards to BRSR, the term "assurance" shall be substituted with "assessment" in LODR Regulations and SEBI circulars on BRSR.</p> <p> <input type="checkbox"/> Skip this Proposal  <input type="checkbox"/> Strongly Agree  <input type="checkbox"/> Agree  <input type="checkbox"/> Partially Agree  <input type="checkbox"/> Disagree  <input checked="" type="checkbox"/> Strongly Disagree </p>	<p>We are concerned that the term "assessment" is vague, undefined and subject to interpretation, and we do not support the substitution of the term "assurance" with "assessment". If SEBI were so inclined to adopt "assessment", practical guidance on its meaning should be provided.</p>
<p>Alternatively, <b>Proposal 8</b> With regards to BRSR, the term "assurance" shall be substituted with "assessment or assurance". [Refer para 7.3.3.1 of Consultation Paper]</p> <p> <input type="checkbox"/> Skip this Proposal  <input type="checkbox"/> Strongly Agree  <input type="checkbox"/> Agree  <input checked="" type="checkbox"/> Partially Agree  <input type="checkbox"/> Disagree  <input type="checkbox"/> Strongly Disagree </p>	<p>Independent assurance can help to improve the quality and accuracy of companies' reporting and should be encouraged. Maintaining an assurance requirement would inspire confidence in the quality of India's BRSR disclosures from international investors. It is important to note that assurance of sustainability disclosures does not necessarily need to be linked to a financial audit, nor adopt strict auditing standards unless the sustainability information is integrated and reflected in the financial statements.</p> <p>We support the international standardisation of sustainability assurance as offered by the proposed International Standard on Sustainability Assurance (ISSA) 5000, General Requirements for Sustainability Assurance Engagements and hope that ISSA 5000 is referenced in the formulation of Indian sustainability assurance standards.</p> <p>We recognise that certain companies are at a more advanced level of readiness in terms of BRSR disclosures and may be in a position to seek the assurance of at least certain aspects of their BRSR, which should be encouraged. We are concerned such efforts would be diluted by the option to make an "assessment". At the same time, we recognise SEBI's efforts to facilitate the ease of doing business in providing such an option.</p> <p>Therefore, we would alternatively suggest a transitional measure or phased approach to assurance as discussed further in our response to Proposal 10.</p>

	Comments
<p><b>Proposal 9</b>  Applicability: Disclosures for FY2023-24: Either to undertake "assessment" or "reasonable assurance" of BRSR Core. Disclosures for FY2024-25 and onwards: "Assurance" to be substituted with "Assessment".</p> <p> <input type="checkbox"/> Skip this Proposal  <input type="checkbox"/> Strongly Agree  <input type="checkbox"/> Agree  <input type="checkbox"/> Partially Agree  <input type="checkbox"/> Disagree  <input checked="" type="checkbox"/> Strongly Disagree </p>	<p>As we disagree with Proposal 7, we believe Proposal 9 which refers to the Applicability of Proposal 7 is not relevant.</p>
<p><b>Alternatively, Proposal 10</b>  The proposed alternative (of undertaking either assessment or assurance) shall come into effect from disclosures for FY2023-24. [Refer para 7.3.3.2 of Consultation Paper]</p> <p> <input type="checkbox"/> Skip this Proposal  <input type="checkbox"/> Strongly Agree  <input type="checkbox"/> Agree  <input checked="" type="checkbox"/> Partially Agree  <input type="checkbox"/> Disagree  <input type="checkbox"/> Strongly Disagree </p>	<p>With reference to international industry developments as mentioned in our response to Proposal 8, we support "assessment or assurance" only as a transitional measure for FY2023-24 which does not discourage the more ready companies from obtaining assurance.</p> <p>It is also important for the market to understand SEBI's long-term plans and make preparations for the eventual assurance of BRSR. Once ISSA 5000 is finalised, we would suggest a phase-in approach for mandating assurance, that is, limited assurance in FY2024-25, then reasonable assurance thereafter.</p>