

**SUPPLEMENT PROFESSIONAL PROGRAMME**  
**ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) – PRINCIPLES &  
PRACTICE**

**(Supplement Covers Amendments / Developments from June 01, 2023 to  
November 30, 2023)**

**GROUP 1**

**PAPER 1**

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## Lesson –1

### Conceptual Framework

#### European Sustainability Reporting Standards

The European Commission adopted European Sustainability Reporting Standards (ESRS) on July 2023. There are 12 ESRS, covering the full range of sustainability issues, in line with EFRAG’s (European Financial Reporting Advisory Group) proposal:

<b>Group</b>	<b>Number</b>	<b>Subject</b>
Cross-cutting	ESRS 1	General Requirements
Cross-cutting	ESRS 2	General Disclosures
Environment	ESRS E1	Climate
Environment	ESRS E2	Pollution
Environment	ESRS E3	Water and marine resources
Environment	ESRS E4	Biodiversity and ecosystems
Environment	ESRS E5	Resource use and circular economy
Social	ESRS S1	Own workforce
Social	ESRS S2	Workers in the value chain
Social	ESRS S3	Affected communities
Social	ESRS S4	Consumers and end users
Governance	ESRS G1	Business conduct

ESRS 1 (“General Requirements”) sets general principles to be applied when reporting according to ESRS and does not itself set specific disclosure requirements. ESRS 2 (“General Disclosures”) specifies essential information to be disclosed irrespective of which sustainability matter is being considered. ESRS 2 is mandatory for all companies under the CSRD scope.

All the other standards and the individual disclosure requirements and datapoints within them are subject to a materiality assessment. This means that the company

will report only relevant information and may omit the information in question that is not relevant (“material”) for its business model and activity.

Disclosure requirements subject to materiality are not voluntary. The information in question must be disclosed if it is material, and the undertaking’s materiality assessment process is subject to external assurance in accordance with the provisions of the Accounting Directive. The standards require undertakings to perform a robust materiality assessment to ensure that all sustainability information necessary to meet the objectives and requirements of the Accounting Directive will be disclosed.

If a company concludes that climate change is not a material topic and therefore does not report in accordance with that standard, it has to provide a detailed explanation of the conclusions of its materiality assessment with regard to climate change. This requirement reflects the fact that climate change has wide-ranging and systemic impacts across the economy.

For details: [https://ec.europa.eu/commission/presscorner/detail/en/qanda\\_23\\_4043](https://ec.europa.eu/commission/presscorner/detail/en/qanda_23_4043)

## **Lesson-9**

### **Data Governance**

#### **The Digital Personal Data Protection Act, 2023**

The Digital Personal Data Protection Act, 2023 received the assent of the President on the 11th August, 2023. The mentioned Act provide for the processing of digital personal data in a manner that recognizes both the right of individuals to protect their personal data and the need to process such personal data for lawful purposes and for matters connected therewith or incidental thereto.

With reference to the application of the aforesaid Act, it shall-

- a) apply to the processing of digital personal data within the territory of India where the personal data is collected in digital form; or in non-digital form and digitized subsequently;
- b) also apply to processing of digital personal data outside the territory of India, if such processing is in connection with any activity related to offering of goods or services to Data Principals within the territory of India.

However, it does not apply to-

- (i) personal data processed by an individual for any personal or domestic purpose; and
- (ii) personal data that is made or caused to be made publicly available by—
  - (A) the Data Principal to whom such personal data relates; or
  - (B) any other person who is under an obligation under any law for the time being in force in India to make such personal data publicly available.

The salient facets of the Act are- Focus on General Obligations of Data Fiduciary, Processing of personal data of children, Additional obligations of Significant Data Fiduciary, Right to access information about personal data, Right to grievance redressal, coverage on duties of Data Principal etc.

For details:

<https://www.meity.gov.in/writereaddata/files/Digital%20Personal%20Data%20Protection%20Act%202023.pdf>

## Lesson-20

### **Integrated Reporting Framework; Global Reporting Initiative Framework; Business Responsibility & Sustainability Reporting**

#### **Business Responsibility and Sustainability Reporting**

##### BRSR Core – Framework for assurance and ESG disclosures for value chain

1. SEBI vide Circular No. SEBI/HO/CFD/CMD-2/P/CIR/2021/562 dated May 10, 2021 had prescribed the Business Responsibility and Sustainability Report (BRSR) which was subsequently incorporated in the Master Circular No. SEBI/HO/CFD/PoD2/CIR/P/2023/120 dated July 11, 2023. Based on the recommendations of the ESG Advisory Committee and pursuant to public consultation, the Board decided to introduce the BRSR Core for assurance by listed entities. The Board further decided to introduce disclosures and assurance for the value chain of listed entities, as per the BRSR Core.

2. The provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“LODR Regulations”) in this regard, have been amended vide Gazette notification no. SEBI/LAD-NRO/GN/2023/131 dated June 14, 2023.

##### 3. BRSR Core and Updated BRSR

3.1. The BRSR Core is a sub-set of the BRSR, consisting of a set of Key Performance Indicators (KPIs) / metrics under 9 ESG attributes. Keeping in view the relevance to the Indian / Emerging market context, few new KPIs have been identified for assurance such as job creation in small towns, open-ness of business, gross wages paid to women etc. Further, for better global comparability intensity ratios based on revenue adjusted for Purchasing Power Parity (PPP) have been included. The format of BRSR Core for reasonable assurance is placed at **Annexure I**. The BRSR format after incorporating new KPIs of BRSR Core is placed as **Annexure II**. Accordingly, the BRSR format as prescribed in Annexure 16 of the aforementioned Master Circular stands revised.

3.2. In order to facilitate the verification process, the BRSR Core specifies the data and approach for reporting and assurance. It is however clarified that the approach specified is only a base methodology. Any changes or industry specific adjustments / estimations shall be disclosed.

3.3. For ease of reference, the BRSR Core contains a cross-reference to the disclosures contained in the BRSR.

#### 3.4. Applicability

3.4.1 From FY 2023 – 2024, the top 1000 listed entities (by market capitalization) shall make disclosures as per the updated BRSR format, as part of their Annual Reports.

3.4.2 Listed entities shall mandatorily undertake reasonable assurance of the BRSR Core, as per the glide path specified in the following table:

<b>Financial Year</b>	<b>Applicability of BRSR Core to top listed entities (by market capitalization)</b>
2023 – 24	Top 150 listed entities
2024 – 25	Top 250 listed entities
2025 – 26	Top 500 listed entities
2026 – 27	Top 1000 listed entities

#### 4. ESG Disclosures for value chain

4.4.1 ESG disclosures for the value chain shall be applicable to the top 250 listed entities (by market capitalization), on a comply-or-explain basis from FY 2024-25.

4.4.2 The limited assurance of the above shall be applicable on a comply-or-explain basis from FY 2025 - 26.

#### 5. Assurance provider

5.1 The Board of the listed entity shall ensure that the assurance provider of the BRSR Core has the necessary expertise, for undertaking reasonable assurance.

5.2 The listed entity shall ensure that there is no conflict of interest with the assurance provider appointed for assuring the BRSR Core. For instance, it shall be ensured that the assurance provider or any of its associates do not sell its products or provide any non-audit / non-assurance related service including consulting services, to the listed entity or its group entities.

6. The Stock Exchanges are advised to bring the provisions of this circular to the notice of all listed entities and also disseminate the same on their websites.

7. The Circular is issued in exercise of the powers conferred under Section 11(1) of the Securities and Exchange Board of India Act, 1992 read with Regulation 101 of the LODR.

For details: [https://www.sebi.gov.in/legal/circulars/jul-2023/brsr-core-framework-for-assurance-and-esg-disclosures-for-value-chain\\_73854.html](https://www.sebi.gov.in/legal/circulars/jul-2023/brsr-core-framework-for-assurance-and-esg-disclosures-for-value-chain_73854.html)

