

“It increases the compliance burden manifold, since, dealing with supply chain would be a tedious task, when it comes to integration in terms of sustainability policies,” said Neha Malhotra, partner (ESG and sustainability), Nangia Andersen LLP.

Hence, the onus to report remains with the listed entity. As the value chain partners will risk losing the business from such listed entities (if not aligned to company's sustainability policies) and hence, would strive to report.

Neha Malhotra, partner (ESG and sustainability), Nangia Andersen

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 and the limited assurance of the same shall be applicable on a comply-or-explain basis from FY 2025 - 26.

Experts believe that the SEBI circular has been included for better global comparability intensity ratios based on revenue adjusted for purchasing power parity (PPP). “Any sustainability report serves as a metric for an investor to make decisions about investments,” concluded Malhotra.

The circular also mentioned that listed entities reporting KPIs in BRSR Core for their value chain will have to attribute to their business with that value chain partner. Such reporting may be segregated for upstream and downstream partners or can be reported on an aggregate basis.

Since one value chain partner may be providing goods and services to more than one listed entity, each listed entity will have to report only to the extent the KPI is attributable to their business, Malhotra added.