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## **Decoding Recent Developments in Sustainability Reporting in India**



## **Decoding Recent Developments in Sustainability Reporting in India**

**2021:** SEBI announced Business Responsibility & Sustainability Reporting (BRSR) requirements to the top 1,000 listed companies by market capitalisation. Voluntary for FY 21-22 and mandatory for FY 2022-2023.

80% of the top 100 companies for sustainability and CSR in 2021 incorporate Sustainable Development Goals (SDGs) in their responsible business actions. The list of top 100 companies for Sustainability and CSR in 2021, prepared by Futurescape, reveals that the top 25 companies also map their business goals with respect to SDGs.

There is an increasing acceptance of non-financial reporting in India considering the regulatory push on listed entities to report on BRSR and also the push from the investor community to mandate private companies (investees) to have sustainable business models, which in turn results in investees reporting on their compliance with this requirement.

### **The recent amendment inserts a Chapter X-A of SEBI (Issue of Capital and Disclosure Requirements) Regulations 2018 dealing with the Social Stock Exchange (SSE)**

**2022:** SEBI introduced Chapter X-A provisions of SEBI (Issue of Capital and Disclosure Requirements) Regulations 2018 which governs Not-for-Profit-Organisations that are seeking registration and raising funds through an SSE.

An SSE shall be accessible only to institutional investors and non-institutional investors. However, SEBI may permit other class(es) of investors, as it deems fit, for the purpose of accessing the SSE.

Every SSE shall constitute a Social Stock Exchange Governing Council to have oversight on its functioning. The composition and terms of reference for such Governing Councils shall be specified by the Board from time to time.

### **Recently introduced Chapter IX-A of SEBI (Issue of Capital and Disclosure Requirements) Regulations 2018 on obligation of Social Enterprises.**

A Profit Social Enterprise whose designated securities are listed on the Stock Exchange(s) shall comply with the disclosure requirements contained in these regulations with respect to issuers whose specified securities are listed on the main board or the SME exchange or the innovators growth platform, as the case may be.



### **Disclosures by a Not-for-Profit Organisation.**

A Not-for-Profit Organisation registered on the SSE(s), including a Not-for-Profit Organisation whose designated securities are listed on the SSE(s), shall be required to make annual disclosures to the SSE(s) on matters specified by the Board, within 60 days from the end of the financial year or within such period as may be specified by the Board.

In addition to the disclosures referred to above, the SSE(s) may specify matters that shall be disclosed by the Not-for-Profit Organisation on an annual basis.

### **Intimations and disclosures by Social Enterprise of events or information to SSE(s) or Stock Exchange(s)**

1. A Social Enterprise whose designated securities are listed on the SSE(s) or the Stock Exchange(s), as the case may be, shall frame a policy for determination of materiality, duly approved by its board or management, as the case may be, which shall be disclosed on the SSE(s) or the Stock Exchange(s).
2. The board and management of the Social Enterprise shall authorise one or more of its key managerial personnel to determine the materiality of an event or information and to make disclosures to the SSE(s) or the Stock Exchange(s), as the case may be, under this regulation and the contact details of such personnel shall also be disclosed to the SSE(s) or the Stock Exchange(s).
3. A Social Enterprise whose designated securities are listed on the SSE(s) or the Stock Exchange(s), as the case may be, shall disclose to the SSE(s) or the Stock Exchange(s) where it is registered or has listed its specified securities, as the case may be, any event that may have a material impact on the planned achievement of outputs or outcomes.
4. The disclosure shall be made as soon as reasonably possible but not later than seven days or within such period as may be specified by the Board, from the occurrence of the event and shall comprise details of the event including the potential impact of the event and the steps being taken by the Social Enterprise to address the same.
5. The Social Enterprise shall provide updates on a regular basis along with relevant explanations in respect of the disclosures required till the time the concerned event remains material.



6. The Social Enterprise shall provide a specific and adequate reply to all queries raised by the SSE(s) or the Stock Exchange(s), as the case may be, with respect to any events or information.
  7. The Social Enterprise may suo moto confirm or deny any reported event or information to SSE(s) or the Stock Exchange(s), as the case may be.
  8. The Social Enterprise shall disclose on its website all such events or information which have been disclosed to the SSE(s) or the Stock Exchange(s), as the case may be, under this regulation.
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