

**CIRCULAR**

**SEBI/HO/DDHS/DDHS-PoD-3/P/CIR/2025/007**

**January 17, 2025**

To,  
**All Registered ESG Rating Providers,**  
**All Listed Entities,**  
**All Recognized Stock Exchanges,**  
**All Registered Depositories**

Madam/ Sir,

**Sub: Timeline for Review of ESG Rating pursuant to occurrence of ‘Material Events’**

1. Para 10.1 of the Master Circular for ESG Rating Providers (ERPs) SEBI/HO/DDHS/DDHS-POD3/P/CIR/2024/47 dated May 16, 2024 (“Master Circular”) provides the following in respect of material events requiring a review of the ESG ratings:

*“10.1.1. Regulation 28L(g) of CRA Regulations require an ERP to have efficient systems to track material developments related to environmental, social and governance factors to ensure timely and accurate ESG ratings.*

*10.1.2. Material developments in this respect shall be any event that results in a change of the ESG profile of the rated company. Such material developments shall include, but not be restricted to, publication of Business Responsibility and Sustainability Reporting (BRSR) or controversy/ penalty in environmental, social or governance areas.*

*10.1.3. ERPs shall carry out a review of the ESG ratings upon the occurrence of or announcement/ news of such material developments, and immediately, but not later than 10 days of occurrence of the said event.”*

2. ERPs have made a representation to SEBI, highlighting the operational challenges faced in undertaking review of ESG ratings for a large pool of listed companies pursuant to publication of BRSR by such companies, within the specified timeline of 10 days. Considering the same, in order to promote Ease of Doing Business, it has been decided to provide relaxation in the timeline for review of ESG rating pursuant to publication of BRSR. Accordingly, Para 10.1.3. of the Master Circular stands modified as below:

*“ERPs shall carry out a review of the ESG ratings upon the occurrence of or announcement/ news of such material developments immediately, but not later than 10 days of occurrence of the said event. However, review of the ESG rating pursuant to publication of BRSR by the rated entity shall be carried out immediately, but not later than 45 days of the publication of the BRSR.”*

3. The circular shall be applicable with immediate effect.
4. This circular is issued with the approval of competent authority, in exercise of the powers conferred by Section 11 (1) of Securities and Exchange Board of India Act, 1992 read with the provisions of Regulation 28H of CRA Regulations to protect the interest of investors in securities and to promote the development of, and to regulate, the securities market.
5. This Circular is available on the website of the Securities and Exchange Board of India at [www.sebi.gov.in](http://www.sebi.gov.in) under the category “Legal” and under the drop down “Circulars”.

Yours faithfully,

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