

# CRISIL Ratings to start disclosing ESG impact on credit profiles

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Crisil Ratings recently said it will start disclosing the impact of environmental, social and governance (ESG) parameters separately when assigning credit ratings.

The move comes on the back of increasing ESG impact in investment decisions.

## **Key Highlights**

- Notably, the ESG (environmental, social, and governance) factors determine a company's impact on society and environment. It gives a non-financial glimpse on the prospects of future opportunities and risks to the business.
- Accordingly, the assessment will be based on a proprietary framework that weighs sectoral impact on environment and social factors, and the relative performance of a company on ESG aspects.
- "Crisil Ratings will, therefore, assess and disclose the impact of the ESG aspects on the credit risk profiles of companies, which will underscore their ability to raise funds and, in turn, financial flexibility. This, however, is predicated on the availability of ESG information," it added.

- In addition, the move comes as the top 1,000 listed companies will now have to mandatorily disclose non-financial information from next fiscal under SEBI's Business Responsibility and Sustainability Reporting (BRSR) norms.

**SOURCE:** *The Indian Express*