

Business Responsibility and Sustainability Report (BRSR)

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In news: Business Responsibility and Sustainability Report (BRSR) to be mandatory from the financial year 2021-22.

The story so far

- The Ministry of Corporate Affairs has been taking various initiatives for ensuring responsible business conduct by companies.
- As a first step towards mainstreaming the concept of business responsibility, the 'Voluntary Guidelines on Corporate Social Responsibility' were issued in 2009.
- These guidelines were subsequently revised as 'National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business, 2011 (NVGS)' after extensive consultations with business, academia, civil society organizations and the government.
- The Securities and Exchange Board of India (SEBI) through its 'Listing Regulations' in 2012 mandated the top 100 listed entities by market capitalization to file Business Responsibility Reports (BRRs) from an environmental, social and governance perspective.
- These BRRs enabled business to demonstrate the adoption of the NVG principles and the attendant core elements with the intent of engaging businesses more meaningfully with their stakeholders going beyond regulatory financial compliance.
- This was extended to top 500 companies in FY 2015-16 and further extended to top 1000 companies in December, 2019.
- Taking into account the national and international developments in the arena of business and human rights since 2011, the NVGs have been updated and released as

NGRBC (National Guidelines on Responsible Business Conduct) in March 2019 to reveal alignments with the UNGPs, UN Sustainable Development Goals (SDGs), Paris Agreement on Climate change etc.

- In furtherance to updation and formulation of the NGRBCs, the Ministry of Corporate Affairs had constituted a 'Committee on Business Responsibility Reporting' to develop new BRR formats for listed and unlisted companies.

Committee on Business Responsibility Reporting

- In November 2018, the Ministry of Corporate Affairs (MCA) constituted a Committee on Business Responsibility Reporting ('Committee') for finalising Business Responsibility Reporting formats for listed and unlisted companies, based on the framework of the NGRBCs.
- **Composition:** The Committee consisted of representatives from MCA, SEBI, three professional institutes, and two eminent professionals who had worked on developing the NGRBCs.
- The report of the Committee was released in August 2020

Recommendations of the committee

- In its Report, the Committee recommended a new reporting framework called as the 'Business Responsibility and Sustainability Report (BRSR)' to better reflect the intent and scope of reporting on non-financial parameters
- The Committee recommended two formats for disclosures: one 'comprehensive format' and the second a 'Lite version'.
- The Committee further recommended that the implementation of the reporting requirements should be done in a gradual and phased manner.
- The Committee also recommended that the BRSR be integrated with the MCA21 portal.

- As a long-term measure, the Committee envisions that the information captured through BRSR filings be used to develop a Business Responsibility-Sustainability Index for companies.

Business Responsibility and Sustainability Report (BRSR)

The Committee recommends that the Business Responsibility Report be called the Business Responsibility and Sustainability Report (BRSR).

These disclosures, which are from an Environmental, Social and Governance (“ESG”) perspective that have been recommended in the BRSR, are intended to enable businesses to engage more meaningfully with their stakeholders and encourage them to go beyond regulatory financial compliance and report on their social and environmental impacts

Applicability of BRSR

- It is proposed that the format for business responsibility and sustainability reporting, as recommended by the Committee, shall be applicable to the top 1000 listed entities by market capitalization.
- It is also proposed that to begin with, the new format will be adopted by such listed entities on a voluntary basis for the financial year 2020 – 21 (for those who choose not to adopt the new format, the existing format will apply) and mandatorily from the financial year 2021-22.