

Reporting requirements by SEBI

BRSR Introduction

In line with global developments, the Securities and Exchange Board of India (SEBI), in its continued efforts to enhance disclosures on ESG standards, introduced new requirements for sustainability reporting by listed companies. The new reporting format named, Business Responsibility and Sustainability Report (BRSR), aims to establish links between the financial results of a business with its ESG performance.



BRSR Introduction

In 2012, SEBI mandated the top 100 listed entities by market capitalisation to file Business Responsibility Reports (BRR) as part of their annual report, as per the disclosure requirement emanating from the 'National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business' (NVGs). The requirement for filing BRRs was progressively extended to the top 500 listed entities by market capitalisation in 2015 and to the top 1000 listed entities in 2019. The NVGs were revised and released as the National Guidelines on Responsible Business Conduct (NGRBCs) in March 2019. The Ministry of Corporate Affairs (MCA) constituted a Committee on Business Responsibility Reporting for finalising BRR formats for listed and unlisted companies, based on the framework of the NGRBCs. The Committee recommended that the Business Responsibility Report may be called the Business Responsibility and Sustainability Report ('BRSR'), to better reflect the scope of the reporting requirements.

The BRSR recommended by the Committee is structured around disclosures on the nine principles laid down by the NGRBCs accompanied with a guidance note to enable the companies to interpret the scope of disclosures under each principle. The disclosure requirement under each of the nine principles is also divided into 2 sections: Essential (mandatory) and leadership (voluntary).

BRSR brief introduction

The proposed BRSR format is a notable departure from the existing format for business responsibility reporting. The BRSR lays considerable emphasis on quantifiable metrics, which allows for easy measurement and comparability across companies, sectors, and time periods. Further, the disclosures on climate and social (employees, consumers and communities) related issues of

the entity are significantly enhanced and made more granular as compared to the disclosures under BRR.

The disclosures as per the BRSR format are expected to bring in more standardization, which will enable better measurement and comparability and be helpful for investors to make better investment decisions. It will also enable companies to engage more meaningfully with their stakeholders, by encouraging them to look beyond financials and towards social and environmental impacts.

Detailed analysis of BRSR format shall be presented in subsequent posts.