

# THE ESSENTIALS | WHAT CAN BUSINESS RESPONSIBILITY AND SUSTAINABILITY (BRSR) REPORTS TELL YOU

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## **Business Responsibility Reports (BRR)**

Listed companies in India have been mandated to file Business Responsibility Reports (BRRs) since 2012. At the time, the Securities and Exchange Board of India (SEBI) had mandated the top 100 listed companies based on their market capitalization to do so as part of their annual reports. By 2019, this requirement was expanded to the top 1,000 listed entities.

The disclosure requirements were based on the National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business' (NVGs) (more on those in [Chapter 3](#) of this module). Examples of information that companies were required to disclose included:

 Overall, the number of employees, including how many are permanent, contractual, temporary. How many women employees does the company have? How many people with disability does the company employ?

 The number of complaints related to child labour, sexual harassment, discriminatory employment.

 Representation of people from vulnerable and marginalised communities in the external stakeholders of the company.

 Any consumer complaints that are pending from the company's side.

The full list is in the format [available here](#).

“The BRR is a template that arises from the national guidelines. Before 2011, we did not have in India a prescription from the State for what was meant by

responsible business and once all that was sorted out in 2011, the very next year, it became mandatory for listed companies starting with 100, now ending at 1000 to declare on a format that is adopted, consulted with.

Starting 2012, citizens have access to a template of information and non-financial data that one could compare, analyse. Prior to that, every company released its own data as it pleased, and there was no scope to compare reports, even within a business sector. And they were certainly not aligned to the national guidelines, because prior to 2011, there weren't any," explains Viraf Mehta, Social Anthropologist and Independent Expert on Business and Human Rights

### **BRR + S: The Business Responsibility and Sustainability Reports**

In 2021-22, this is changing. The BRR will soon become the BRSR, or the Business Responsibility and Sustainability Reports. In 2019, the NVGs were updated and became the National Guidelines on Responsible Business Conduct (NGRBCs).

A [committee](#) constituted by the MCA recommended "keeping in view the global developments, which are increasingly seeking businesses to be responsible and sustainable towards their environment and society and increased focus of investors on sustainability investing." From these deliberations, the BRSR framework emerged.

The BRSR recommended by the Committee is structured around disclosures on the NGRBCs, and has two kinds of disclosure requirements: Essential (mandatory) and leadership (voluntary). It also has an added focus on sustainable development practices and policies of companies.

"The BRSR is an initiative towards ensuring that investors have access to Standardized disclosures on ESG (Environment, Social and Governance) parameters. Access to relevant and comparable information, will enable investors to identify and assess sustainability-related risks and opportunities of companies and make better investment decisions. At the same time, companies will be able to better demonstrate their sustainability objectives, position and performance resulting into long term value creation. Overall, higher standards of ESG disclosures and transparency, will help in attracting more capital and investment." - SEBI Circular dated March 10, 2021).

The [BRSR disclosure](#) requirements come into force from FY 2022-23, and they have been made voluntary for FY 2021-22. They will be applicable to the top 1,000 listed entities.

SEBI has prescribed a [format](#) for BRSR. Here are the details that you can get from the BRR of company

### **How-to**

- The BRSR reports are available in the [annual reports](#) of all companies, usually towards the end as an annexure.
- The report will typically be available as a table. On the left hand column is a list of fields of information that companies are required to disclose.
- On the right, the company's response on each field.
- In terms of design, the reports could look different, but the template for BRSR is provided by SEBI. This will help you compare information across companies, or for the same company across different years.

### **How can journalists use this information?**

👉 One approach could be to study the practices of specific companies from their disclosures, but reporters can also go a step ahead and do a more sector-wide analysis.

For the business media, the BRSR disclosures present a unique opportunity to analyse what different business sectors are doing, says Viraf Mehta, Social Anthropologist and Independent Expert on Business and Human Rights. “I would recommend that we move beyond looking at individual companies. You could look at sectors instead, or groups of companies. You could start by reading about say mining first, and then looking at what a particular mining company is doing, and how different companies within the sector perform - who is doing better, worse etc.”, suggests Mehta.

👉 It should also be remembered that the BRSR is not a ranking system or an index, it wasn't designed to do that. It's equally designed to help companies assess their gaps in reporting, says Mehta.

👉 Instead of looking at BRSR reports in isolation, reporters can and should read various disclosures and information related to a company together. This will help bring out some insightful analysis. For example, as John Samuel Raja of How India Lives recommends, it is worthwhile to look at CSR spending of a company along with BRR disclosures, for example.

Or as Mehta suggests, one could read BRSR data along with disclosures that Indian companies make to other governments. Several countries require similar disclosures from Indian companies that do business there, and sometimes more granular or additional information could be found in those disclosures.

👉 Lastly, responsible business is an evolving framework, and the media can contribute significantly in its own way. The media does not have to be reactive, observes Mehta. "If the business media gave us a series of questions on behalf of the public, they could be included in future versions of BRSR frameworks," says Mehta.

## Stories

📌 India Inc's policies for supply chain not robust, [Livemint](#)

📌 Corporate India is getting better but far from being truly inclusive, [The Indian Express](#)

📌 Non-Financial disclosures to dig deep into sustainable corporate practices, [Business Standard](#)

📌 Should you include sustainable funds?, [Livemint](#)

## 📖 RESOURCES | INSPIRATIONS

📌 Report of the Committee on Business Responsibility Reporting, [SEBI](#)

## 📱 PEOPLE TO FOLLOW

📌 [Praxis Institute of Participatory Practices](#)

📌 [Partners In Change](#)

📌 [Corporate Responsibility Watch](#)