

BRSR *Lite*



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Introduction - Committee on Business Responsibility

In November 2018, a *Committee on Business Responsibility* for finalising Business Responsibility Reporting formats for listed and unlisted companies under the National Guidelines for Responsible Business Conduct (NGRBC) was constituted. The Committee comprised SEBI, MCA, the three professional institutes and the IICA. The Committee extensively and minutely deliberated proposed formats as well as had discussions with *NITI Aayog*, sustainability heads of companies and representatives from the MSME sector.

BRSR and BRSR Lite

The Committee examined the NGRBC-BRR framework within the broader context of the United Nations Guiding Principles (UNGPs), Sustainable Development Goals (SDGs) of the UN and other widely accepted non-financial/sustainability reporting frameworks.

After the deliberations, the Committee recommended that the Business Responsibility Report be called the Business Responsibility and Sustainability Report (BRSR). The Committee also proposed two formats for disclosures: a comprehensive format and a *Lite* version.

Phased implementation

The Committee was of the view that implementation of the reporting requirements should be done in a gradual and phased manner –

- i. top 1000 companies by market capitalisation in

Abstract

While the BRSR has been devised for listed businesses, the BRSR Lite is a tool devised to enable smaller businesses to capture the environmental and social impact on business. This article captures the salient features of the BRSR Lite.

- case of listed entities or as prescribed by SEBI and
- ii. in case of unlisted entities, the MCA may extend the same above specified thresholds of turnover and/or paid-up capital.

Further, the Committee recommends that smaller unlisted companies below this threshold may, to begin with, adopt a *lite* version of the format, on a voluntary basis.

Why BRSR Lite?

The feedback received by the committee suggested the need for a simpler version of the format for smaller companies. Accordingly mindful of the ease of doing business and the burden and cost of compliance by companies, the Committee developed the formats to be simple, so as not be onerous or repetitive. The information sought in the formats is a mix of quantitative and qualitative data.

The committee felt that Quantitative data allows for easy measurement and comparability across companies, sectors, and in time while Qualitative data helps capture the unique ways in which organisations have implemented and embedded responsible business conduct.

The pared down *lite* version was proposed by the Committee taking into account the following:

- i. the fact that at the time of the report, only the top 500 listed companies by market capitalisation have the experience of business responsibility reporting.
- ii. The fact that other companies may be unfamiliar with any form of sustainability reporting and the proposed BRSR would perhaps be their first effort

at developing a sustainability report.

Benefits of BRSR Lite

Disclosures needed under BRSR Lite:

An indicative list of disclosures required under the BRSR Lite is as under:

SECTION A GENERAL DISCLOSURES

- ⊙ Company details
- ⊙ Products/services Top 3 Products/Services sold by the company by Turnover (including both manufactured and traded):
- ⊙ Operations
- ⊙ Location of top 3 plants (in case of manufacturing businesses) or operations/offices (in case of non-manufacturing) in India by contribution to turnover
- ⊙ Details as at the end of Financial Year:
 - a. Employees (including differently abled):
 - b. Participation/Inclusion/Representation of women (including differently abled):
- ⊙ Holding, Subsidiary and Associate Companies (including joint ventures)
- ⊙ Contribution of exports to total turnover of the Company in percentage
- ⊙ Describe the mechanisms in place to receive and respond to consumer complaints and feedback
- ⊙ Consumer complaints in respect of Data privacy
- ⊙ Whether CSR is applicable as per section 135 – if so, amount spent, amount spent in local area etc.

SECTION B: MANAGEMENT AND PROCESS DISCLOSURES

- ⊙ Company’s policy/policies that cover each principle and its core elements of the NGRBCs
- ⊙ Do the enlisted policies extend to your value chain partners
- ⊙ Details of Review of NGRBCs by the Company
- ⊙ Stakeholder Engagement

SECTION C: PRINCIPLE WISE PERFORMANCE DISCLOSURE

The major requirements of disclosures as per the National Guidelines for Responsible Business Conduct (NGRBCs) are follows

Principle 1: Business entities should conduct themselves with integrity and in a transparent, ethical

and accountable manner.

- Fines / penalties /punishment/ award/ compounding fees/ settlement amount paid in proceedings with regulators/ law enforcement agencies
- Complaints / cases of bribery/corruption received/ registered in the financial year
- Details of disclosure of interest involving members of Board

Principle 2: Business entities should provide services or goods in a manner that is safe and sustainable.

- ⊙ Life Cycle Assessments (LCA) for any or all of its top 3 brands/ products manufactured
- ⊙ R&D and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of product and processes
- ⊙ Processes in place to safely collect, reuse, recycle and dispose after sale and at the end of life of the company’s products, separately for (a) Plastics (including packaging) (b) E-waste and (c) other waste

Principle 3: Business entities should appreciate and promote the well-being of its employees, including those working in their value chains.

- ⊙ Details of measures for the well-being of employees (including differently abled)
- ⊙ Mechanism available to receive and redress grievances for the following categories of employees and workmen
- ⊙ Complaints made by employees and workmen
- ⊙ Safety related incidents during the current Financial Year

Principle 4: Business entities must respect and be responsive to the interests of their stakeholders.

- ⊙ Stakeholder groups identified as key for the company and the frequency of engagement with each stakeholder group

Principle 5: Business entities should appreciate and promote human rights

- ⊙ Details of remuneration/salary/wages (including differently abled)
- ⊙ Focal point (Individual/ Committee) responsible for addressing human rights impacts or issues

caused or contributed to by the business

- ⊙ Internal mechanisms in place to redress grievances related to human rights issues

Principle 6: Business entities should appreciate and make efforts to protect and restore the environment

- ⊙ Details of energy and water consumption by the company
- ⊙ Air emissions and liquid discharges per unit of production for the 3 major facilities of the company as reported to regulatory authorities

Principle 7: Business entities, when influencing public or regulatory policy in any way, should do so in a responsible and transparent manner.

- ⊙ Number of affiliations with trade and industry chambers/ associations

Principle 8: Business entities should promote equitable development and inclusive growth

- ⊙ Information on CSR projects undertaken by your company in Describe the mechanisms to receive and redress grievances of the community.
- ⊙ Have the benefits derived of the various intellectual properties owned or acquired by your company based on traditional knowledge been shared equitably?

Principle 9: Business entities should provide value to their consumers in a responsible manner.

- ⊙ Consumer complaints and feedback.

The *Lite* version of the BRSR format -

- makes it easier for all companies to begin reporting on sustainability reporting related issues.
- has the Essential and Leadership category of questions, but fewer in number,
- has fewer elements than the comprehensive version and
- seeks information which such companies should be able to provide
- allows Small Companies to get a foothold of reporting under BRSR
- allows for a smoother transition to the Regular BRSR
- reporting using BRSR-Lite is also cost effective as compared to the regular BRSR, given that the reporting requirement is not as comprehensive and detailed as the Regular BRSR.

- encourages Indian companies to grow sustainably and ethically, as well as to familiarize them with global standards of sustainability reporting.

Further the BRSR *Lite* is expected to serve as a guide for unlisted companies to promote the NGRBCs in business i.e., to:

- ⊙ Conduct and govern themselves with transparency, ethics and accountability
- ⊙ Engage and provide value to the customers in a responsible way.
- ⊙ Promote the well-being of all employees and human rights.
- ⊙ Provide goods or services that are safe and sustainable throughout their lifecycle.
- ⊙ Respect the interests of all stakeholders and be responsive to their needs.
- ⊙ Protect, respect and make efforts to restore the environment
- ⊙ Support inclusive growth and equitable development for all its stakeholders.

Conclusion

Responsible business means embedding accountability in business. Initially the BRR and now the BRSR have been used as tools to showcase non-financial information on responsibility of the business towards stakeholders, environment and society. While the BRSR is a significant large step for listed entities to report on responsible business, there is a need for other companies also to report similar information, even if the same is a pared manner. This will help the country to measure how responsible its businesses are and also aid in piloting the country's net zero ambitions by 2070. The BRSR *Lite* is a small step for unlisted entities to provide information. In fact, the BRSR *Lite* can also be used by entities other than the top 1000 entities by market capitalisation to commence making non—financial disclosures on business responsibility and sustainability indicators as regards their business. It is a significant tool that can be adopted by such entities. **MA**

Reference

- Report of the Committee on Business Responsibility Reporting of*
MINISTRY OF CORPORATE AFFAIRS