



PR No.18/2021

SEBI issues Circular on “Business Responsibility and Sustainability Reporting by listed entities”

Pursuant to the decision taken at SEBI Board meeting dated March 25, 2021 on introducing new sustainability related reporting requirements, SEBI has today issued a Circular containing the format of the Business Responsibility and Sustainability Report (“BRSR”).

The BRSR is a notable departure from the existing Business Responsibility Report (“BRR”) and a significant step towards bringing sustainability reporting at par with financial reporting. The reporting requirements were finalized based on feedback received from public consultation and extensive deliberations with stakeholders including corporates, institutional investors. Further, a benchmarking exercise with internationally accepted disclosure frameworks was also undertaken. A few of the key disclosures sought in the BRSR are highlighted below:

- a. An overview of the entity’s material ESG risks and opportunities, approach to mitigate or adapt to the risks along-with financial implications of the same
- b. Sustainability related goals & targets and performance against the same
- c. Environment related disclosures covering aspects such as resource usage (energy and water), air pollutant emissions, green-house (GHG) emissions, transitioning to circular economy, waste generated and waste management practices, bio-diversity etc.
- d. Social related disclosures covering the workforce, value chain, communities and consumers, as given below:
 - i. Employees / workers: Gender and social diversity including measures for differently abled employees and workers, turnover rates, median wages, welfare benefits to permanent and contractual employees / workers, occupational health and safety, trainings etc.
 - ii. Communities: disclosures on Social Impact Assessments (SIA), Rehabilitation and Resettlement, Corporate Social Responsibility etc.

- iii. Consumers: disclosures on product labelling, product recall, consumer complaints in respect of data privacy, cyber security etc.

Listed entities already preparing and disclosing sustainability reports based on internationally accepted reporting frameworks (such as GRI, SASB, TCFD or Integrated Reporting) may cross-reference the disclosures made under such framework to the disclosures sought under the BRSR.

The BRSR is an initiative towards ensuring that investors have access to standardized disclosures on ESG 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.

The BRSR shall be applicable to the top 1000 listed entities (by market capitalization). In order to give time to companies to adapt to the new requirements, the reporting of BRSR shall be voluntary for FY 2021 –22 and mandatory from FY 2022 –23. However, companies are encouraged to be early adopters of the BRSR, thus being at the forefront of sustainability reporting.

SEBI was one of the early adopters of sustainability reporting for listed entities amongst its global peers. The filing of the BRR containing ESG (Environment, Social and Governance) disclosures was first introduced for listed entities in 2012. Since then, a number of developments have taken place. With the adoption of the Paris Agreement on Climate Change and UN Sustainable Development Goals, adapting to and mitigating climate change impact and transitioning to sustainable economies have emerged as major issues globally. The COVID pandemic has also accelerated the relevance of ESG considerations to investors resulting in increased awareness of investors and a shift towards sustainable investing. The same is reflected in the spurt in new launches of ESG themed mutual funds and growth in assets of such schemes, including in India. As ESG investing becomes more mainstream, disclosure requirements need to keep pace with this change and the BRSR is a significant step towards this direction.

The Circular issued today can be accessed on the SEBI website www.sebi.gov.in under the link Legal → Circulars.

Mumbai
May 10, 2021



CIRCULAR

SEBI/HO/CFD/CMD-2/P/CIR/2021/562

May 10, 2021

To,
All listed entities
All Recognized Stock Exchanges

Madam / Sir,

Subject: Business responsibility and sustainability reporting by listed entities

1. In recent times, adapting to and mitigating climate change impact, inclusive growth and transitioning to a sustainable economy have emerged as major issues globally. There is an increased focus of investors and other stakeholders seeking businesses to be responsible and sustainable towards the environment and society. Thus, reporting of company's performance on sustainability related factors has become as vital as reporting on financial and operational performance.
2. SEBI vide Circular no. CIR/CFD/CMD/10/2015 dated November 04, 2015 has prescribed the format for the Business Responsibility Report (BRR) in respect of reporting on ESG (Environment, Social and Governance) parameters by listed entities.
3. In terms of amendment to regulation 34 (2) (f) of LODR Regulations vide Gazette notification no. SEBI/LAD-NRO/GN/2021/22 dated May 05, 2021, it has now been decided to introduce new reporting requirements on ESG parameters called the Business Responsibility and Sustainability Report (BRSR). The BRSR is accompanied with a guidance note to enable the companies to interpret the scope of disclosures. The format of the BRSR and the guidance note are detailed in [Annexure I](#) and [Annexure II](#) respectively.
4. The BRSR seeks disclosures from listed entities on their performance against the nine principles of the 'National Guidelines on Responsible Business Conduct' (NGBRCs) and reporting under each principle is divided into essential and leadership indicators. The essential indicators are required to be reported on a mandatory basis while the reporting of leadership indicators is on a voluntary basis. Listed entities should endeavor to report the leadership indicators also.



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Securities and Exchange Board of India

5. The BRSR is intended towards having quantitative and standardized disclosures on ESG parameters to enable comparability across companies, sectors and time. Such disclosures will be helpful for investors to make better investment decisions. The BRSR shall also enable companies to engage more meaningfully with their stakeholders, by encouraging them to look beyond financials and towards social and environmental impacts.
6. The listed entities already preparing and disclosing sustainability reports based on internationally accepted reporting frameworks (such as GRI, SASB, TCFD or Integrated Reporting) may cross-reference the disclosures made under such framework to the disclosures sought under the BRSR.

Applicability

7. In terms of the aforesaid amendment, with effect from the financial year 2022-2023, filing of BRSR shall be mandatory for the top 1000 listed companies (by market capitalization) and shall replace the existing BRR. Filing of BRSR is voluntary for the financial year 2021-22.
8. The Stock Exchanges are advised to bring the provisions of this circular to the notice of all listed entities and also disseminate the same on their websites.
9. The Circular is issued in exercise of the powers conferred under Section 11(1) of the Securities and Exchange Board of India Act, 1992 read with Regulation 101 of the LODR.

Yours faithfully,

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