



# SEBI prescribes ESG disclosures | Shift from Business Responsibility Reporting (BRR) to Business Responsibility and Sustainability Reporting (BRSR)

INSIGHTS

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Dear Reader

As you are aware, SEBI has recently introduced new sustainability reporting requirements including environment, social and governance (ESG) parameters under SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, called the Business Responsibility and Sustainability Report (BRSR), which is a notable departure from the existing Business Responsibility Report (BRR). In furtherance of the same, SEBI has now released the format and disclosure parameters for the BRSR. BRSR with ESG disclosures is targeted to enable companies to engage more meaningfully with their stakeholders, by encouraging them to look beyond financials and towards social and environmental impacts.

Some of key disclosures covered under BRSR format are provided below:

- 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;
- Sustainability related goals and targets and performance against the same;
- Environment related disclosures covering aspects such as resource usage (energy and water), air pollutant emissions, greenhouse (GHG) emissions, waste generated and waste management practices, bio-diversity etc.
- Social related disclosures covering the workforce, value chain, communities and consumers, as given below:
  - **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.
  - **Communities:** Disclosures on Social Impact Assessments (SIA), Rehabilitation and Resettlement, Corporate Social Responsibility etc.
  - **Consumers:** Disclosures on product labelling, product recall, consumer complaints in respect of data privacy, cyber security, etc.

The BRSR is applicable to the top 1000 listed entities (by market capitalization calculated as on 31<sup>st</sup> day of March of every financial year), for reporting on a voluntary basis for financial year 2021 –22 and on a mandatory basis from financial year 2022 –23. Top 1000 listed entities can submit BRSR in place of the mandatory business responsibility report during financial year 2021-22. The remaining listed entities including the entities which have listed their specified securities on the SME Exchange may voluntarily submit 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 detailed format of the BRSR is available [here](#), along with the guidance note ([available here](#)) released by SEBI to enable companies to interpret the scope of disclosures required under the BRSR format. The aforesaid change has been introduced vide SEBI Circular dated May 10, 2021 ([available here](#)).

We hope you enjoy reading this update. Should you have any queries/clarifications we would be happy to address them. Please write to us at [insights@elp-in.com](mailto:insights@elp-in.com)

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