



Business Responsibility and Sustainability Report

Why in News

The [Securities and Exchange Board of India \(SEBI\)](#) has decided to introduce new requirements for business sustainability reporting by listed entities.

- This new report will be called the **Business Responsibility and Sustainability Report (BRSR)** and **will replace** the existing Business Responsibility Report (BRR).

Key Points

▪ Background:

- **SEBI, in 2012, mandated the top 100 listed entities** by market capitalisation **to file Business Responsibility Reports (BRR)** as per the disclosure requirement emanating from the '**National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business**' (NVGs).
 - In 2019, the **Ministry of Corporate Affairs revised NVGs** and formulated the **National Guidelines on Responsible Business Conduct (NGRBC)**.
- In December 2019, SEBI **extended the BRR requirement to the top 1000 listed entities** by market capitalisation, from the financial year 2019-20.
 - **Listed Entity:** A company whose shares are traded on an official stock exchange.
 - **Market Capitalization:** It refers to how much a company is worth as determined by the [stock](#) market. It is defined as the total market value of all outstanding shares.
 - To calculate a company's market cap, multiply the number of outstanding shares by the current market value of one share.

▪ About Business Responsibility and Sustainability Report (BRSR):

- BRSR, which is from an [Environmental, Social and Governance \(“ESG”\)](#) perspective, is intended to enable businesses to engage more meaningfully with their stakeholders.
- It will **encourage businesses to go beyond regulatory financial compliance and report on their social and environmental impacts**.
- The BRSR will be **applicable to the top 1000 listed entities** (by market capitalization), for reporting on a **voluntary basis for FY 2021 - 22** and on a **mandatory basis from FY 2022 - 23**.

▪ Sustainability Reporting:

- It is the **disclosure and communication of environmental, social, and governance (ESG) goals**—as well as a company’s progress towards them.
- The benefits of sustainability reporting include **improved corporate reputation, building consumer confidence, increased innovation, and even improvement of risk management**.

▪ Environmental, Social, and Governance Goals:

- Environmental, social, and governance (ESG) goals are a set of standards for a company's operations that force companies to follow better governance, ethical practices, environment-friendly measures and social responsibility.
- **Environmental criteria** consider how a company performs as a steward of nature.
- **Social criteria** examine how it manages relationships with employees, suppliers, customers, and the communities where it operates.
- **Governance** deals with a company's leadership, executive pay, audits, internal controls, and shareholder rights.

Responsible Business

- The philosophy of responsible business is based on the principle of business being accountable to all its stakeholders towards global developments which are increasingly seeking businesses to be responsible and sustainable towards their environment and society.
- In light of ever-increasing global challenges relating to **climate change, environmental risks, growing inequality**, etc., business leaders have been compelled, and have also found it to be in their interest, to reimagine the role of businesses in the society and not view them merely as economic units for generating wealth.
- The performance of a company must be measured not only on the return to shareholders, but also on how it achieves its **environmental, social, and good governance objectives**.

Source: IE

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