Recommendations
New format of the Business Responsibility and Sustainability Reporting

The submission to recommendations on the captioned format is done in three parts:

- Part 1 includes specific comments in the provided format by SEBI
- Part 2 covers overall comments on the format
- Part 3 contains long-term suggestions for the BRSR to evolve

Part 1: Specific comments in the provided format by SEBI

Name of the person/entity proposing comments: Fair Finance India Coalition & Fair Finance India Advisory Group[1]

S.N	Recommendation in the business responsibility and sustainability reporting format to which the comment pertains	Comment	Rationale for the comment	Revisions to the recommendations, if any
1.	Section A, under (IV) Employees/ Workmen details c) and d) and all other sections	Lacks the use of gender neutral terminology e.g. **workmen** or differently abled **workmen**	Although the new BRSR framework have been looked at from a gender perspective, but the terminology used in questions in not gender neutral.	To rectify existing gender specific terminologies and convert them into gender neutral within the existing questions of the framework Suggestion: Replace 'workmen' with 'workers' wherever it is mentioned in the element
2.	Section A, under (IV) Employees, Q19	The term 'Other than Permanent' is not fully explained	Without a proper definition of this term, companies might perceive and treat it differently. This will further lead to challenges in terms of comparing data.	There is a need to clarify - What is to be included within the term 'Other than Permanent'
3.	Section A, under (VI), CSR	Addition of involvement of local communities in project conceptualisation, design and implementation	Explicit explanation of local community involvement would help in understanding and building business – host community relationship	Addition of question: Involvement of local communities in CSR projects' conceptualisation, design and implementation
4.	Section A, under (VII) Transparency and Accountability, Q29	Simply requiring the companies to mention the name of the Grievance Redressal Mechanism, if present, is not enough	To ensure that the definition used in the NGRBC is linked with the implemented Grievance Redressal Mechanism in the company.	There needs to be a provision for companies to elaborate on the type and access of Grievance Redressal Mechanism used by the company.
5.	Section A, under (VII) Transparency and Accountability, Q30	The term 'high priority' is not fully explained and hence is ambiguous	Without a proper definition of this term, companies might perceive and treat it differently. This will further lead to challenges in terms of comparing data.	There is a need to elaborate the term 'high priority' in this context

[1] Lists of Fair Finance Coalition and Advisory Group Members are given at the end in Annexe 1

6.	Section B, Q8	There should be separate responses for internal and external evaluation	Essential for better inter-company data comparison. A radio button will not be enough	Addition: Additional text field for the name of the external evaluator/ agency to be present
7.	Section C, Principle 1, Leadership Indicators (Q3 and Q4)	Use of 'up to 3' instances is incomplete without mentioning the context		Instead of mentioning just 'up to 3' instances, the question should be more instructive, to include 'most significant ones: *3. Provide details of such instances (most significant ones) where corrective actions have been taken on the above punishment/fines/penalties imposed. (Text Box)* *4. Provide details of such instances (most significant ones) where corrective measures were taken on the complaints / cases of corruption and conflicts of interest.*
8.	Section C, Principle 2, Essential Indicators and Leadership Indicators	Impetus given to services is not adequate as compared to brands/ products manufactured while defining the indicators.	Focus should be given to both services (including financial sector) and products manufactured equally to ensure transparency across different value chains	While defining indicators under Principle 2, terminology used in the questions should be such that both services and product manufacturing companies are given importance.
9.	Section C, Principle 2, Essential Indicators, Q2	Non-inclusion of practices in addition to technology related investments	To allow companies to highlight their R&D investments in defining or adopting some of the best practices which results in sustainable and/or safe process	While it is important to require companies to disclose the percentage of the company's total investment into technology related R&D, it is also essential to know the percentage of investments into sustainable practices. For e.g. investments into R&D around sustainable or climate resilient agriculture.
10.	Section C, Principle 2, Essential Indicators	Lacks specificity on whether brands which are manufactured for other companies on a contractual basis need to be part of this disclosure	This helps stakeholders to understand how businesses are connected in the global supply chain – thus helping to engage in monitoring of responsibilities in a nuanced manner.	Addition: brands which are not owned by the company but for which manufacturing takes places on a contractual basis should be disclosed.
11.	Section C, Principle 2, Leadership indicators	"Instances on how the feedback of the stakeholders have…" is not		Change to:"instances of how the feedback of the stakeholders has been used.."

		grammatically correct		
12.	Section C, Principle 3	The principle only refers to employees, not workers.	With around 90% of India's workforce in the informal economy – workers not employees – it's exclusionary to only refer to employees here. Whilst non-employees are referenced under core elements, the mention of 'workers' needs to be there at the principle level itself	Change to: Businesses should respect and promote the well-being of all employees and workers, including those in their value chains.
13.	Section C, Principle 3, Essential Indicators	Lacks focus on economic impact of gender specific welfare measures	Businesses need to report, as essential indicators, if and how the adoption of gender protective compliances – such as necessity to have a day care facility under the Maternity Act and the Factories Act, is impacting hiring of women in factories.	Addition: economic impact of welfare measures taken on women participating in the workforce
14.	Section C, Principle 3, Leadership Indicators	"Corrective action' needs to be supplemented with details of process of the action, to ensure that no-loss of livelihood has taken place	Businesses have a responsibility to ensure to ensure the livelihoods are not lost in adverse cases where it is found that suppliers or contractors are not following due diligence processes especially in case of workforce. Instead of letting go of employees, better work conditions should be ensured. In case of child labour, rehabilitation, education, etc. should be ensured through CSR work[2]	Addition: Provide details of measures undertaken to ensure that corrective actions do not result in any loss of livelihood for adult victims of forced labour/involuntary labour or any other violation of good working conditions.
15.	Section C, Principle 3, Essential Indicators	Lacks specificity on protection against violence at the workplace,	Businesses need to report their corrective measures to stop violence as a tool of labour discipline on the shop floor.	Addition: reporting instances of 'disciplinary violence' as part of health and safety disclosures

[2] More context: Often, lead firms implementing their compliance measures have been known to abandon suppliers who put them at reputational risk because of the conditions under which they, and their various levels of subcontractors, engage workers. This can be very harmful, as it means innocent workers, often working on piece rates with limited or no access to social security, lose their livelihoods. The blanket requirement for only 'corrective measures' which may well be interpreted, as has been and continues to be by many Western businesses, as an invitation to "cut and run", needs to be supplemented by an indication to ensure that no livelihoods are lost through supply chain auditing. This approach is fully in line with due diligence as understood in the UN Guiding Principles on business and human rights, and with the "do no harm" principle that underpins it. This is also critical given the widespread informality in the Indian labour force and the sheer numbers of workers who are working under bad conditions. Rather than being abandoned by large businesses, they need their support in improving practices throughout the supply chain, including in the most "hidden" tiers

		used for labour discipline		
16.	Section C, Principle 3, Essential Indicators, Question 5	Lacks gender based segregation on union representation of women		Addition: • % of Women employees that are represented in the employee association • % of workforce covered under the Provision of collective Bargaining • % of suppliers who are Unionized or % of supplier workforce covered by collective bargaining agreements
17.	Section C, Principle 3, Leadership Indicators 2,3 and 4	Lack of priority given to child labour, forced labour, harassment and discrimination cases	Business response to child and forced labour, & discrimination and harassment cases has been included in the leadership category; this classification is insufficient as responses to statutory crimes must be prioritised to a greater degree.	Move indicators 2, 3, 4 to Essential Indicators
18.	Section C, Principle 3, Leadership Indicators, Q7 (Details on assessment of value chain partners)	The term 'workplace' needs to be defined holistically	With the new ways of working in the post COVID-19 era, it is essential to expand the definition of the term 'workplace' which now is much beyond any company or factory premise	There is a need to clearly define the term 'workplace' in the current COVID-19 context.
19.	Section C, Principle 4, Essential Indicators	There is no request for any information on the interests of stakeholder groups listed.	If businesses are to be able to respect the interests of their stakeholders, they need to first know what their interests are – even if only broadly.	Add: List the identified interests of stakeholder groups identified as key for your company
20.	Section C, Principle 4-Essential Indicators, Q1	Defining the nature, process and engagement of stakeholders involved in processes like EIA and SIA, if not in annual reports but on their company websites	This will help in retaining core element 2 of P4 in NGRBC[3]	Retain the wording from Principle 4 Core element 2 of NGRBC
21.	Section C, Principle 4-Essential Indicators	Addition of top 3 instances of impact of policies,	This will help in understanding continuation of certain	Addition to Section C, Principle 4-Essential Indicators

[3] Principle 4 Core element 2 of NGRBC: Businesses should provide stakeholders across the value chain with adequate information about environmental and social issues and impacts across product life cycle from design to disposal. This may be done through appropriate and relevant tools such as certifications, labels, ratings and other communication and disclosure platforms including reports, websites, etc.

		communicated to the stakeholders	polices and amendment in others for the stakeholders at large	
22.	Section C, Principle 5, Essential Indicators	Lacks specific protection for whistle-blowers	Whistle-blowers are recognised as critical for financial reporting purposes under Companies (Auditors Report) Order, 2020. This needs to be extended for ESG related whistleblowing	Addition: number of ESG related whistle-blower complaints and remedies undertaken needs to be added
23.	Section C, Principle 5, Leadership Indicators	The terms "scope and coverage" are almost interchangeable and in many cases would not lead to insightful responses.	In order to gauge businesses' approach to due diligence, it is important to be able to appreciate its nature and purpose. Focusing on only scope and coverage is likely to yield only surface level information; businesses should account for what they are doing (nature) and why they are undertaking (purpose) it as well. This is important from a human rights perspective but also important for investors concerned about their own risks, and interested to identify businesses that genuinely understand what due diligence is.	Addition: Details of the scope, nature and purpose of any human rights due diligence conducted, including in the value chain.
24.	Section C, Principle 6-Essential Indicators, Q1	Adding 'mitigation, adaptation and resilience' to point 1	This will help in getting clear policy direction for climate change indicators for the policy makers, through business disclosure	Details of strategies of the company with respect to resource scarcity (mitigation, adaptation and resilience), health pandemics, natural disaster
25.	Section C, Principle 7-Essential Indicators	Adding reporting on monetary transactions with political parties	This will help in understanding the business affiliation and serve a good indicator for stakeholders	Addition: reporting on monetary transactions with political parties
26.	Section C, Principle 8, Essential Indicators, Q1	Adding the mode of communication of SIA in public domain	It is essential to note effective mode of communication of SIA, that involves easy access to interested parties, especially translation for local communities	Addition: Have the results of the Social Impact Assessment been 'effectively' communicated in public domain? If yes, how?
27.	Section C, Principle 8, Essential Indicators	The detail on "beneficiaries" of CSR projects should be included in essential indicators	Beneficiaries are at the heart of CSR and no CSR programme should proceed without a clear understanding of who the intended beneficiaries are. All companies providing	Move "beneficiaries of CSR projects" to 'Essential Indicators"

			CSR must be able to identify and describe their project beneficiaries.	
28.	Section C, Principle 9, Essential Indicators	Adding the informal sector workers like gig economy workers (hired for services by businesses) need to be added	Businesses have a responsibility towards its work force both permanent or informal	Addition: informal sector workers like gig economy workers (hired for services by businesses) need to be added

Part 2: Overall comments on the format

- The BRR is being updated after a period of 8 years and effective mandatory application after 10 years. BRR must keep pace with the rapidly evolving external environment and therefore we recommend institutionalising a mechanism to review and update the BRSR framework every 5 years.
- There is need to provide description of processes in either section A or B. these processes include, stakeholder mapping and consultations, processes of EIA or SIA, processes for Grievance redressal and its alignment to government policies, external and internal processes for evaluation, to name a few.
- **Valid to all leadership indicators**: having some commitment setting or target setting so that the leadership indicators are forward looking. With this inclusion, companies will have an opportunity to not only state their current policies and processes but also to state their leadership plans by sharing their future commitments. For instance: what are the targets for reduced emissions, time bound commitments to implement human rights policy across the value chain (such as Human Rights Due Diligence Process)
- BRR has helped create awareness among companies about the importance of non-financial disclosures in the last 8 years. In this next phase, it is important to shift gears to strengthen data quality and reliability. We recommend setting up an Ombudsperson mechanism to accept complaints and grievances on misreporting of data by companies. Such a mechanism should not be limited to shareholders but open for wider stakeholders.

Part 3: Long-term suggestions for the BRSR to evolve

- It will be crucial to have sector specific responsibility frameworks especially with respect to the financial sector. It is so because the financial sector has a definite bearing on the entire ecosystem.
- Some provision in the framework wherein the companies can report the wage differentials within their company. For instance, a provision for the companies to report on the percentage of profits/ revenues that are going to the management, investors, and the workers.
- Traditional audit firms are suffering from the inability to prevent financial fraud by auditing financial performance, as per multiple news-reports. It is critical that a diversity of stakeholders are introduced in the process of monitoring. Trusted CSOs/worker associations/other stakeholder collectives could audit ESG performances, and may help provide comfort to financial institutions; given that their policies are not analysed publicly if they are compliant.

Annexe 1: Fair Finance India Coalition & Fair Finance India Advisory Group

Fair Finance India Coalition	Fair Finance India Advisory Group
Oxfam India	Neha Kumar, Climate Bond Initiative
Praxis Institute for Participatory Studies	Mohan Tanksale, Ex CEO, Indian Banks' Association
Partners in Change	Prof. Manu V Mathai, Azim Premji University
Environics Trust	Namit Agarwal, World Benchmarking Alliance
Cividep India	
Open Space	
Traidcraft Exchange India	
Human Rights Advocacy and Research Foundation	
Land Conflict Watch	

Special Thanks for moderating:

- Shankar Venkateswaran, Oxfam India Board Chair
- Viraf Mehta, Advisor, Partners in Change