



Sustainability Reporting Practices in India: An Analysis of Compliance level of Business Responsibility and Sustainability Reporting Requirements in Metal and Mining Sector Companies

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ABSTRACT: Business Responsibility and Sustainability Reporting (BRSR) is expected to be used as a single source disclosing sustainability-related information in India. It would serve as a base document for various stakeholders, especially to investors, to bring about comparability amongst companies. BRSR is voluntary for FY 2021-22 for the top 1000 listed companies (by market capitalization) while disclosure is mandatory from FY 2022-23 therefore there is need to make comparative analysis of voluntary BRSR practices of select public sector and private sector companies in metal & mining sector for the voluntary financial year i.e. FY 2021-22. The objective of this study is to understand the conceptual framework of BRSR and also to examine the BRSR practices of selected companies. For study purpose a public sector company (Coal India Ltd.) and a private sector company (Jindal South West Steel) have been selected for the financial year 2021-22. Data has been collected from the BRSR reports and content analysis technique is used for study purpose. The results of the analysis shows that BRSR of Coal India Ltd. Complied 91.42% with Securities and Exchange Board of India (SEBI)'s BRSR framework and JSW steel complied 94.28% with SEBI's BRSR framework. Therefore it is concluded that BRSR of Private Sector Company is more complied with BRSR framework of SEBI than Public Sector Company.

KEYWORDS: Business Responsibility and Sustainability Reporting, SEBI and Mining and Metal Sector Companies.

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I. INTRODUCTION

Business Responsibility and Sustainability Reporting (BRSR) is important in many ways for the business owners as well as the authorities. Better Market Standing- According to recent market analyses reports, businesses that implement the practice of BRSR reporting in India as their objective and core principle have been more profitable than their opponents. Several businesses have realized or are realizing that making investments in environmental and social concerns would not only improve their business permanence but will also offer them a benefit over opponents and clients, as well as pave the way for new markets.

The BRSR framework aligns with global ESG reporting standards, such as the Global Reporting Initiative (GRI) and the Sustainability Accounting Standard Board (SASB). By adopting BRSR reporting,

Indian companies can demonstrate their commitment to international sustainability best practices and attracting global investors (LinkedIn).

Securities and Exchange Board of India (SEBI) has issued an Environmental, Social and Governance (ESG) reporting framework that aims to encourage sustainable development and corporate sustainability. In its latest board meeting, SEBI has introduced a novel ESG reporting called Core Business Responsibility and Sustainability (BRSR) and has also formulated specific measures for ESG investing (Money Control) and by establishing a standardized reporting format, SEBI ensures that companies operating in India adhere to responsible business practices and transparently disclose their non-financial parameters and sustainability goals(LinkedIn).

II. LITERATURE REVIEW

The following studies are reviewed for the present study

(Agnihotri & Kumar, 2019) titled “Business Responsibility Reporting as a Tool of Non-Financial Reporting: A Comparative Study of Indian Power Sector Companies”. The objective of this study was to understand the conceptual framework of BRR and also to examine the BRR of selected entities. Two entities one from public sector (National Thermal Power Corporation) and one from private sector (Adani Transmission Ltd.) for the FY 2016-17 and FY 2017-18 were selected for study purpose. Content analysis method was used for study purpose. The findings of the study revealed that BRR of NTPC was fully complied BRR framework of SEBI and BRR of Adani Trans was not fully complied with BRR framework of SEBI and lack in explanation of qualitative information was also a big reporting gap found in Adani Trans.

(N & S., 2019) titled “Sustainability Reporting Practices in India: An Analysis of compliance level of BRR Requirements in Indian Companies”. The study was intended to analyze the Indian regulation of sustainability reporting and its compliance by Indian companies. Top 10 companies in India were selected for FY 2015-16 to 2017-18 and using content analysis it was found that all the selected companies were good in complying with BRR requirements.

(BANERJEE, 2022) titled “Dynamics in Accounting: An Exploration of Sustainability to with special reference to Business Responsibility and Sustainability Report (BRSR) in India examined the pros and cons of BRSR and saw its effectiveness towards sustainability accounting and concluded that BRSR is a step forward toward sustainability reporting in India and BRSR will gain acceptability in India in the existing framework.

(Debnath & Kanoo, 2022) titled “Business Responsibility and Sustainability Reporting: A way forward for Indian Corporate Disclosure concluded that A company’s performance should not be judged only on its financial results but also focus on how well it meet its environmental, social and governance goals.

(Kriplani & Bhanawat, 2021) titled “Environmental Disclosure Practices in Indian Companies(With special reference to Business Responsibility Report) examined the environmental disclosure practices of selected Indian companies for the FY 2019-20 and with the help of content analysis and various statistical tools concluded that 90% companies are following the said pattern for environmental disclosure.

III. OBJECTIVES OF STUDY

The primary objective of this study is to understand the conceptual framework of Business Responsibility and Sustainability Reporting and to examine the Business Responsibility and Sustainability Reporting Practices of the select Indian Mining and Metal companies. In addition the study attempts to answer the following questions;

- To what extent do select mining and metal companies report Business Responsibility and Sustainability Reporting Practices against its framework.
- To know about which sector companies, public or private sector companies are adhering more to the Business Responsibility and Sustainability Reporting framework.

IV. RESEARCH METHODOLOGY

4.1 Sample selection

Sample is taken from Mining and Metal Sector from India i.e. one is Public Sector Company and one is Private Sector Company. These companies are selected on the following grounds;

- The select companies are listed in BSE and NSE.
- The select companies **are top entities** in mining and metals industries.
- The select companies are taking voluntary Sustainability Reporting initiatives as per SEBI’s BRSR framework for FY 2021-22.

Table 1: Select Mining and Metal companies

S.No.	Name of Company	Ownership
1.	Coal India Limited	Public
2.	Jindal South West Steel(JSW Steel)	Private

4.2 Data Collection

SEBI guidelines and framework of Business Responsibility and Sustainability Reporting is collected from the SEBI's website and BRSR reports of select companies are collected from the website of respective companies for the financial year 2021-22.

4.3 Research Method

Content analysis and statistical tool i.e. average and percentage are used for the analysis of data.

4.4 Period of the Study

Data is taken of one financial year i.e. 2021-22 for study purpose.

V. EVOLUTION OF BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORTING (BRSR)

- In 2009, Ministry of Corporate Affairs (MCA) issued the 'Voluntary Guidelines on Corporate Social Responsibility' as a step towards mainstreaming the concept of business responsibility.
- In June 2011, the United Nations Human Rights Council (UNHRC) adopted the United Nations Guiding Principles on Business and Human Rights (UNGPs) which idea endorse.
- In July 2011, MCA issued the 'National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business, 2011' (NVGs)
- In 2012 SEBI introduced non financial reporting in the form of Business Responsibility Report (BRR) as a part of Annual Reports for the top 100 listed companies based on market capitalization. The format of BRR was based on NVGs issued by MCA.
- In 2014 Corporate Social Responsibility (CSR) is mandated CSR and Rules came into force.
- In 2015 from 1st April 2016 top 500 companies on the basis of market capitalization were mandated for publishing BRR under 34(2)f of Listing Regulating.
- IN 2017 Integrated Reporting (IR) SEBI circular advised that Integrated Reporting may be adopted on voluntary bases from FY 2017-18 by the top 500 companies which are required to prepare.
- In 2019-20 BRR is made applicable to top 1000 listed companies based on market capitalization.
- IN March 2019 NVGs were revised and released as the National Guidelines on Responsible Business Conduct (NGRBCs) .
- IN 2018 MCA formed a committee to align the BRR formats in line with the NGRBCs and provide new formats.
- On May 08, 2020 the committee formed by MCA gave its reports and had prescribed a revised format to reflect the intent and scope of reporting requirement, The Committee recommended that the BRR be called the Business Responsibility and Sustainability Report (BRSR) . It was also envisaged that the information captured through BRSR filing be used to develop a Business Responsibility- Sustainability Index for companies. On August 18, 2020 SEBI had issued a consultation paper, inviting public comments on the format of BRSR by September 18, 2020.
- On March 25, 2021 SEBI decided to make Business Responsibility and Sustainability Report (BRSR) replacing the existing Business Responsibility Reports (BRR) applicable to top 1000 listed entities (by market capitalization) to report it on a voluntary basis for FY 2021-22 and on a mandatory basis from FY 2022-23.

Structure of BRSR Reporting

BRSR Reporting in India uses more specific and quantifiable metrics than the BRR format. The report is divided into three parts.

Section A: General Disclosures: In the first section of the Business Responsibility and Sustainability Report, basic details of the business and other relevant information must be provided. Particulars of the product and services, employees, subsidiaries, operations of the entity, holding, CSR (Corporate Social Responsibility), Associate companies, and information on the compliance are given in this section.

Details of the listed entity

1. CIN(Corporate Identity Number) of the mentioned entity
2. Name of the listed entity
3. Year of Company incorporation
4. Registered company's address

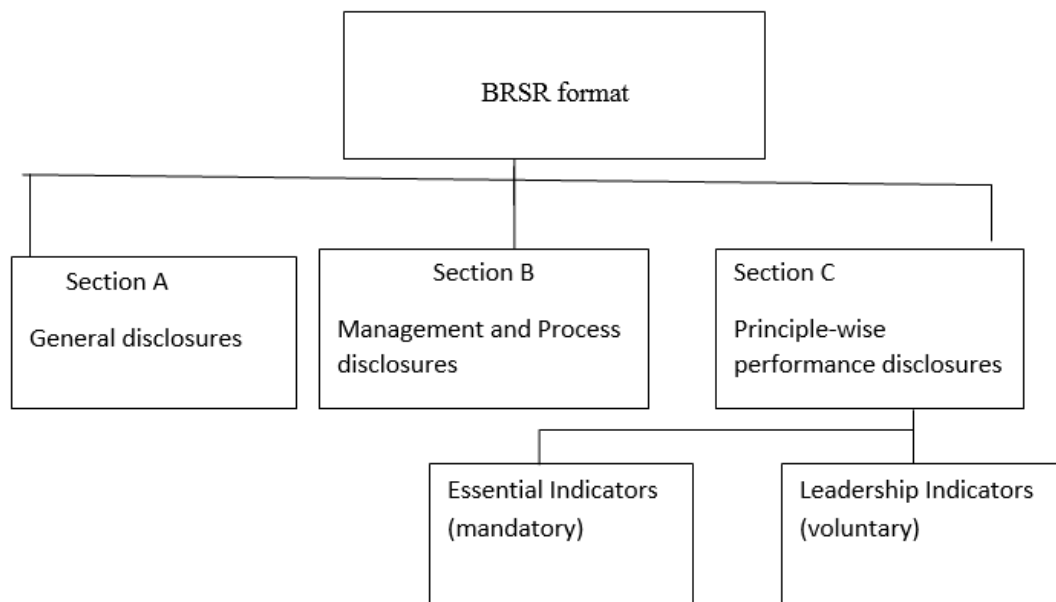
5. Corporate address
6. E-mail address
7. Telephone number
8. Website link
9. Reporting year
10. Name of the stock exchange where shares are listed
11. Paid-up capital
12. Name and contact details of the person who may be contacted for inquiries on BRSR
13. Reporting boundary

Section B: Management and Process Disclosures: This part of Business Responsibility and Sustainability Report reporting in India centers on the processes and policies relating to the NGRBCs (National Guidelines on Responsible Business Conduct) principles to comprehend whether the business has taken actions to safeguard responsible business conduct.

Section C: Principle-Wise Performance Disclosures: Under this section, the information that is required by the authorities is pretty elaborative and detailed where the company has to furnish information regarding its performance related to nine principles of National Guidelines on Responsible Business Conduct. This segment is further split into two parts an ‘essential’ section and ‘leadership’ section.

The essential section comprises mandatory disclosures. The essential module contain information on emissions, training programs conducted, environmental information on energy, wastewater, and the social effect made by the business. Businesses furnish information on key performance pointers like emissions, conflict management policy, life cycle assessments, further data on biodiversity, the disintegration of energy consumption, and supply chain disclosures.

The leadership indicators can be voluntary disclosed by businesses aspiring to advance to a higher level in the quest to be environmentally, socially, and ethically responsible.



Source: As per SEBI circular dated 10 May 2021.

Figure 1: Structure of BRSR

The Indian Institute of Corporate Affairs(IICA) formulated BRSR on the basis of a study conducted in collaboration with the United Nations Children’s Fund(UNICEF) in 2018(IICA-UNICEF study). The study concluded that though there was completeness in information disclosure in the SEBI-BRR framework, both the clarity and accuracy of the information provided by the companies were weak. Hence, to plug these gaps, SEBI has brought in BRSR. The BRSR format improves upon BRR in the following ways.

More quantitative disclosures: The questions have become simpler and more specific for better quantitative disclosures under principle-wise indicators. This provides holistic information.

Availability of a guidance note: The report includes a guidance note on the definition and interpretation of the scope of each question KPI to aid companies in filling the BRSR questionnaire.

Business Responsibility Sustainability Index: The committee report also envisages the development of a business responsibility sustainability index to rate the responsible business conduct of organization.

Essential and Leadership indicators: The questions have been divided into two categories for mandatory and voluntary disclosures. However, as per the MCA Committee Report, for the next cycle of review, the questions under the leadership category are likely to be shifted to the essential category to track the process of disclosures and transition towards a comprehensive reporting format.

Incorporation of values chain partners: The IICA-UNICEF study revealed that information related to supply chain was among the weakest in BRR disclosures. Therefore, in the BRSR update, several questions seek disclosures on a company's value chain and its stakeholders.

Sustainable Development Goals (SDGs) mapping: The committee report explores linkages between the NGRBCs principles and the SDGs. BRSR is aligned with the SDGs so that Businesses can demonstrate their performance on SDGs targets.

VI ANALYSIS AND FINDINGS

For the purpose of analysis, all BRSR disclosure contents are divided into twenty one sub-heads and each sub-head have its different contents as per SEBI's BRSR format that is voluntary to be followed by the select companies. The total contents of BRSR are counted one hundred forty and all companies are voluntary required to report about one hundred forty contents for the financial year 2021-22 in their BRSRs. The content score sub-heading wise for each selected companies may be understood by **Table 2**. Below.

S.No.	Content elements of BRSR	Total Score	Coal India Ltd.	JSW Steel
1.	Details of the listed entity	13	13	13
2.	General Disclosures	11	11	11
3.	Policy and Management Processes	12	11	12
4.	Business Ethics-Essential indicators	07	06	07
5.	Business Ethics-Leadership indicators	02	01	02
6.	Product life cycle and sustainability-Essential indicators	04	03	04
7.	Product life cycle and sustainability-Leadership indicators	05	05	05
8.	Employee well-being-Essential indicators	15	15	15
9.	Employee well-being-Leadership indicators	06	05	05
10.	Stakeholder engagement-Essential indicators	02	02	02
11.	Stakeholders engagement-Leadership indicators	03	03	03
12.	Human right-Essential indicators	10	10	10
13.	Human right-Leadership indicators	05	01	03
14.	Environment-Essential indicators	12	12	12
15.	Environment-Leadership indicators	09	07	06
16.	Public advocacy-Essential indicators	02	02	02
17.	Public advocacy-Leadership indicators	01	00	01
18.	Inclusive growth-Essential indicators	04	04	04
19.	Inclusive growth-Leadership indicators	06	06	04
20.	Customer relationship-Essential indicators	06	06	06
21.	Customer relationship-Leadership indicators	05	05	05
Total		140	128	132

(Source: Authors compilation based on BRSR report)

Coal India Ltd. Scored one hundred twenty eight i.e. 91.42% of the BRSR framework. Coal India Ltd. Not reported about performance of the entity against the specific commitment, goals and targets under policy and management processes. The Essential indicator of principle 1(Business Ethics) i.e. details of the appeal/revision preferred in cases where monetary and non-monetary action has been appealed and Essential indicator of principle 2(Quality of goods and services) i.e., what percentage of inputs were sourced sustainability? Are not reported by Coal India Ltd. For FY 2021-22. Leadership indicators under principle 1(Business Ethics) i.e. awareness programs conducted for value chain partners on any of the nine principles of NGRBCs and under principle 3(Employee well-being) i.e. details on assessment of value chain partners and under principle 5(Human rights issue) i.e. details of a business process being modified/introduced as a result of addressing human rights grievances/complaints & details of the scope and coverage of any human right due-diligence conducted & details on assessment of value chain partners & provide details of any corrective actions taken on underway to address significant risk/concerns from the assessment of value chain partners. And under principle 6(Environment) i.e. details of scope 3 emissions and its intensity & percentage of value chain partners that were addressed for environmental impacts. And under principle 7(Public Advocacy) i.e. details of public policy positions advocated by the entity are not reported by Coal India Ltd.

JSW Steel scored one hundred thirty two i.e. 94.28% of the BRSR framework. JSW Steel reported all the information regarding Essential indicators but not reported about some leadership indicators i.e. under principle 1(Business Ethics) i.e. awareness programs conducted for value chain partners on any of the principles during the financial year 2021-22 and under principle 3(Employee well-being) i.e. details on assessment of value chain partners and under principle 5(Human rights issues) i.e. details of the scope and coverage of any

human right due-diligence conducted & details on assessment of value chain partners & provide details of any corrective actions taken on underway to address significant risk/concerns from the assessment of value chain partners and under principle 6(Environment) i.e. disclosure any significant adverse impact to the environment, arising from the value chain entity & percentage of value chain partners that were addressed for environmental impacts and under principle 8(Inclusive growth) i.e. details of the benefit derived and shared from the intellectual properties owned or acquired by the entity based on traditional knowledge & details of corrective actions taken based on adverse order in intellectual property related disputes wherein usage of traditional knowledge is involved.

BRSR of Coal India Ltd. Complied 91.42% of the SEBI's BRSR framework and JSW Steel complied 94.28% of the SEBI's BRSR framework. Therefore it is concluded that BRSR of Private Sector Company is more complied with BRSR framework of SEBI than Public Sector Company in Mining and Metal Sector.

VII CONCLUSIONS AND IMPLICATIONS

The results of the study show that Coal India Ltd. disclosed one hundred twenty eight elements of BRSR out of one hundred forty. Coal India Ltd. has not complied two essential indicators under principle 1 and 2 and also not complies nine leadership indicators under principle 1,3,5,6 & 7. JSW Steel disclosed one hundred thirty two elements of BRSR out of one hundred forty. JSW Steel has complied all the essential indicators but has not complied seven leadership indicators under principle 1,3,5,6 & 8. BRSR of Coal India Ltd. Complied 91.42% of the SEBI's BRSR framework and JSW Steel complied 94.28% of the SEBI's BRSR framework. Therefore it is concluded that BRSR of Private Sector Company is more complied with BRSR framework of SEBI than Public sector Company in Mining and Metal Sector.

VIII LIMITATIONS AND FUTURE RESEARCH

In this study only two financial companies from one sector are taken for study purpose for only one financial year 2021-22. The sample size could have been extended to know the adoption level of SEBI's BRSR framework and longitudinal study may have been conducted by taking more years data. There is huge scope for future studied in this area, by taking more entities from same sector, comparative study of BRSR practices among different sectors and comparative study of same sector entities from two countries.

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