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MCA RELEASES NATIONAL GUIDELINES ON RESPONSIBLE BUSINESS CONDUCT¹

Ministry of Corporate Affairs has revised the National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business, 2011 (NVGs) and formulated the National Guidelines on Responsible Business Conduct (NGRBC). These guidelines urge businesses to actualise the principles in letter and spirit.

These principles are:

1. Businesses should conduct and govern themselves with integrity in a manner that is Ethical, Transparent and Accountable.
2. Businesses should provide goods and services in a manner that is sustainable and safe
3. Businesses should respect and promote the well-being of all employees, including those in their value chains.
4. Businesses should respect the interests of and be responsive to all their stakeholders.
5. Businesses should respect and promote human rights.
6. Businesses should respect and make efforts to protect and restore the environment.
7. Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent.
8. Businesses should promote inclusive growth and equitable development.
9. Businesses should engage with and provide value to their consumers in a responsible manner.

The Ministry of Corporate Affairs has been taking various initiatives for ensuring responsible business conduct by companies. As a first step towards mainstreaming the concept of business responsibility, the 'Voluntary Guidelines on Corporate Social Responsibility' were issued in 2009. These guidelines were subsequently revised as 'National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business, 2011 (NVGS)' after extensive consultations with business, academia, civil society organisations and the government. The NVGs were developed based on India's socio-cultural context and priorities as well as global best practices.

There have been various national and international developments in the past decade that have nudged businesses to be sustainable and more responsible, prior most being the United Nations Guiding Principles on Business & Human Rights (UNGPs). These became the key drivers for further revision of the guidelines. Some of these include the thrust of Companies Act, 2013 (Act) on businesses to be more mindful of their stakeholders. The Act casts fiduciary duties on the Directors of a Company (S. 166) requiring them to *promote the objects of the company for the benefit of its members as a whole, and in the best interests of the company, its employees, the shareholders, the community and for the protection of environment*. There was also a need to

¹ Available at: <http://www.pib.gov.in/PressReleaseDetail.aspx?PRID=1568750>

demonstrate more visibly India's implementation of the UNGPs based on UNHRC's 'Protect, Respect & Remedy' Framework and also make evident India's commitment to Sustainable Development Goals (SDGs).

The Securities and Exchange Board of India (SEBI) through its 'Listing Regulations' in 2012 mandated the top 100 listed entities by market capitalisation to file Business Responsibility Reports (BRRs) from an environmental, social and governance perspective. These BRRs enabled business to demonstrate the adoption of the NVG principles and the attendant core elements with the intent of engaging businesses more meaningfully with their stakeholders going beyond regulatory financial compliance. This was extended to top 500 companies in FY 2015-16. This, for the first time, introduced voluntary sustainability reporting among companies in India which is still in a nascent stage.

In furtherance to updation of NVGs and formulation of the NGRBCs, the **Ministry of Corporate Affairs has constituted the Committee on Business Responsibility Reporting (BRR)** to develop BRR formats for listed and unlisted companies. Non-financial reporting is increasingly forming the basis for enhancing investor confidence in businesses and increasing their creditworthiness. The Committee is to develop comprehensive yet simple formats situating the various stakeholders at the center so as to not increase or duplicate reporting burden. The proposed formats are to reflect linkages to prevalent non-financial reporting formats, viz, Global Reporting Initiative (GRI), Integrated Reporting (IR) etc., and SDGs from a NGRBC perspective.

The Ministry of Corporate Affairs is also in the process of developing India's National Action Plan on Business & Human Rights (NAP) in consultation with various Ministries and State Governments by 2020.

A Zero Draft of India's NAP demonstrating implementation of the three pillars of UNGPs has also been released and uploaded on the website of the Ministry.