



CIRCULAR

SEBI/HO/CFD/CMD/CIR/P/2017/10

February 6, 2017

**To,
All Recognized Stock Exchanges
All Listed Companies**

Dear Sir/Madam,

Sub: Integrated Reporting by Listed Entities

1. SEBI has mandated the requirement of submission of Business Responsibility Report ('BRR') for top 500 listed entities under Regulation 34(2)(f) of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 ("SEBI LODR"). The key principles which are required to be reported by the entities pertain to areas such as environment, governance, stakeholder's relationships, etc.
2. Today an investor seeks both financial as well as non-financial information to take a well-informed investment decision. An integrated report aims to provide a concise communication about how an organisation's strategy, governance, performance and prospects create value over time. Further it may be noted that the concept of integrated reporting is being discussed at various international forums. The purpose of integrated reporting is to provide shareholders and interested stakeholders with relevant information that is useful for making investment decisions.
3. Regulation 4(1)(d) of SEBI LODR states *"the listed entity shall provide adequate and timely information to recognised stock exchange(s) and investors"*. IOSCO Principle 16 states *"there should be full, accurate and timely disclosure of financial results, risks and other information that is material to investors' decisions."*

4. In this regard, the International Integrated Reporting Council ('IIRC') has prescribed following Guiding Principles which underpin the preparation of an integrated report, specifying the content of the report and how information is to be presented:
- Strategic focus and future orientation: An integrated report should provide insight into the organization's strategy and how it relates to the organization's ability to create value in the short, medium and long term, and to its use of and effects on capital
 - Connectivity of information: An integrated report should show a holistic picture of the combination, interrelatedness and dependencies between the factors that affect the organization's ability to create value over time
 - Stakeholder relationships: An integrated report should provide insight into the nature and quality of the organization's relationships with its key stakeholders, including how and to what extent the organization understands, takes into account and responds to their legitimate needs and interests
 - Materiality: An integrated report should disclose information about matters that substantively affect the organization's ability to create value over the short, medium and long term
 - Conciseness: An integrated report should be concise
 - Reliability and completeness: An integrated report should include all material matters, both positive and negative, in a balanced way and without material error
 - Consistency and comparability: The information in an integrated report should be presented: (a) on a basis that is consistent over time; and (b) in a way that enables comparison with other organizations to the extent it is material to the organization's own ability to create value over time.

5. All organizations depend on various forms of capital for their success. It is important that all such forms of capital are disclosed to stakeholders to enable informed investment decision making. IIRC has categorized the forms of capital as follows:

- Financial capital
- Manufactured capital
- Intellectual capital
- Human capital
- Social and relationship capital
- Natural capital

6. The International Integrated Reporting Council ('IIRC') has prescribed Integrated Reporting Framework at following web link:

<http://integratedreporting.org/wp-content/uploads/2015/03/13-12-08-THE-INTERNATIONAL-IR-FRAMEWORK-2-1.pdf>

7. It has been observed that certain listed entities in India and other jurisdictions have been making disclosures by following the principles of integrated reporting. Towards the objective of improving disclosure standards, in consultation with industry bodies and stock exchanges, the listed entities are advised to adhere to the following:

- a. Integrated Reporting may be adopted on a voluntary basis from the financial year 2017-18 by top 500 companies which are required to prepare BRR.
- b. The information related to Integrated Reporting may be provided in the annual report separately or by incorporating in Management Discussion & Analysis or by preparing a separate report (annual report prepared as per IR framework).
- c. In case the company has already provided the relevant information in any other report prepared in accordance with national/international requirement / framework, it may provide appropriate reference to the same in its Integrated Report so as to avoid duplication of information.
- d. As a green initiative, the companies may host the Integrated Report on their website and provide appropriate reference to the same in their Annual Report.

8. This circular is issued in exercise of the powers conferred under Section 11 read with Section 11A of the Securities and Exchange Board of India Act, 1992.
9. This circular is available on SEBI website at www.sebi.gov.in under the category "*Legal Framework*".

Yours faithfully,

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