

SECURITIES AND EXCHANGE BOARD OF INDIA

Memorandum to the Board

Disclosure pertaining to Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act under the 'Corporate Governance' section of Annual report

Background:

1. Section 134 of the Companies Act, 2013 ('Act') contains disclosures to be made by companies as part of financial statements and Directors' reports. The Companies (Accounts) Rules, 2014, ('Rules') has been issued by the Ministry of Corporate Affairs in exercise of the powers under various sections of the Act, including section 134 of the Act. The Rules, inter-alia, contain certain matters to be included in the report of the board of directors of an entity.
2. In order to ensure safe workplaces for women in the private sector, the Ministry of Corporate Affairs vide notification dated 31.07.2018, has amended the Companies (Accounts) Rules, 2014, issued under Section-134 of the Companies Act, by inserting a rule 8(5)(x) as follows¹:-

“A statement that the Company has complied with provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013”.

Request received from the Ministry of Women and Child Development

3. SEBI is also in receipt of a request from Ministry of Women and Child Development to mandate the following:
 - a. Disclosure of compliance with the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 in the Corporate Governance report of the listed companies.

¹<http://pib.nic.in/newsite/PrintRelease.aspx?relid=181863>

b. To disclose the number of complaints received and disposed off during the reporting period.

Proposal:

4. The aforesaid proposal of the Ministry of Women and Child Development is a step towards making the workplace safe for the women in the private sector and will increase transparency in disclosure. The disclosure as required under the Companies (Accounts) Rules, 2014 shall be reflected in the director's report, which is a part of the Annual report. The proposal of Ministry of Women and Child Development is to include a similar disclosure in the corporate governance report. However, since the corporate governance report is also a part of the Annual report, having the same disclosure twice in the Annual report may not be necessary.
5. With respect to disclosure relating to complaints pertaining to sexual harassment:
 - a. Currently, the Business Responsibility Report applicable for top 500 listed entities includes the following details pertaining to sexual harassment:
 - (1) No of complaints filed during the financial year
 - (2) No of complaints pending as on end of the financial year
 - b. However, since the aforesaid disclosures are only applicable to the top 500 listed entities, in order to make the provision applicable for all listed entities (other than Small and Medium Enterprise entities listed on Stock Exchanges, as the corporate governance report does not apply to them), it is proposed to include the following disclosure with respect to complaints under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 in the corporate governance report as part of the Annual report:
 - (1) No of complaints filed during the financial year
 - (2) No of complaints disposed off during the financial year
 - (3) No of complaints pending as at end of the financial year

This would require amendments to the Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as placed at the Annexure to this Board Note.

6. The Board is requested to approve the aforesaid proposal and authorize the Chairman to make amendments to SEBI LODR Regulations as placed at the **Annexure** and make the consequential changes, as may be necessary, to give effect to the decision.

Draft amendments to the LODR

**Insertion of sub-clauses 10 (h)(i) and (ii) as part of
'Clause C. Corporate Governance Report'
under SCHEDULE V: ANNUAL REPORT**

(ii) Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

- (1) No of complaints filed during the financial year
- (2) No of complaints disposed off during the financial year
- (3) No of complaints pending as on end of the financial year