QUANTIFYING NON-FINANCIAL DATA - AN ANALYSIS OF SEBI'S BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORTING (BRSR) FRAMEWORK

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ABSTRACT

The yardstick to measure the performance of a company has been evolving over the years beyond the quantifiable numbers disclosed in financial statements. The increasing emphasis on sustainability practices and ethical business conduct has increased the volume of qualitative performance measuring parameters in corporate disclosures and reporting. Traditional financial reporting offers only a partial picture of an organization's performance since it often overlooks Environmental, Social and Governance (ESG) factors that are just as important in the stakeholder-driven business environment of today.[1] Investors no longer assess an entity exclusively based on its profitability margins and balance sheet numbers.[2] There is a shift from shareholders perspective to stakeholders' perspective. [3] Embedding ESG into the core practices has proved beneficial for businesses globally owing to increased value creation and better access to financing. Regulators are also pushing companies to address sustainability issues by mandating disclosures on the sustainability efforts undertaken. In line with this, the Securities Exchange Board of India (SEBI) introduced the Business Responsibility Reporting (BRSR) framework where listed entities are mandated to make non-financial disclosures. By adhering to this framework, companies are encouraged to adopt responsible and sustainable business practices.

This research aims to critically analyse the BRSR framework, study its effectiveness for all stakeholders and compares BRSR to global reporting standards. The study draws from case studies to assess the practical gaps in ESG implementation and the role of regulatory support in enhancing sustainability reporting.

[1] Background Material on Business Responsibility and Sustainability Reporting, Revised Edition 2021, Sustainability Reporting Standards Board Sustainability Reporting Standards Board, Institute of Chartered Accountants of India <kb.icai.org/pdfs/68851srsb170122.pdf> accessed 12 February 2025

[2] Robert G. Eccles and Svetlana Klimenko, 'The Investor Revolution' (Harvard Business Review, June 2019) <Shareholders Are Getting Serious About Sustainability> accessed 12 February 2025

[3] Helene Siberg Wendin and Myles Corson, 'How non-financial reporting is evolving' (EY, 2020) < Enhancing financial and nonfinancial reporting | EY - Global> accessed 12 February 2025

Keywords: Business Responsibility and Sustainability Reporting (BRSR), Securities Exchange Board of India (SEBI), Environmental, Social and Governance (ESG), Corporate Governance

I. Introduction

The Securities and Exchange Board of India (SEBI) first laid out the Business Responsibility Reporting (BRR) framework in 2012.[4] It requires listed entities disclose sustainability and governance matters in the annual reports[5] as per Regulation 34 of SEBI (Listing Obligaentities (Disclosure Requirements) Regulations, 2015 (LODR).[6] BRSR replaced the BRR, making it voluntary for the *top one thousand listed entities*(based on market capitalization) to disclose as per BRSR format in the financial year 2021-2022. This has been made mandatory from the financial year 2022-2023.[7] BRSR is more structured than BRR. The BRSR Core, a sub-part of the BRSR report, came into effect in July 2023. The top 250 listed entities must report on nine ESG aspects of the BRSR Core which are represented by key performance indicators (KPIs) from the financial year 2024-2025.[8] Overall, the BRSR format is easily comparable and structured in a way that helps understand non-financial data better. Global ESG standards like the Sustainability Accounting Standards Board (SASB), the Task Force on Climate-related Financial Disclosures (TCFD) and the Global Reporting Initiative (GRI) are widely accepted. India's BRSR aligns with these international best practices of non-financial data reporting. [9]

Though BRSR reports are data-driven, they encourage companies to enhance their sustainability efforts which would have an indirect impact on the financials in the long term. ESG reporting improves transparency and increases investor confidence as companies establish procedures to take measures proactively, as it is evidenced as value-enhancing.[10] However,

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[4] SEBI, 'Business Responsibility and Sustainability Reporting by Listed Entities' (Circular dated May 10, 2021) < SEBI | Business responsibility and sustainability reporting by listed entities> accessed 12 February 2025

[5] ibid.

[6] SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Regulation 34

[7] SEBI, 'Business Responsibility and Sustainability Reporting by Listed Entities' (Circular dated May 10, 2021) < SEBI | Business responsibility and sustainability reporting by listed entities> accessed 12 February 2025

[8] KPMG, 'SEBI framework on BRSR Core and value chain –disclosures and assurance by listed entities' (2023) KPMG First Notes < First Notes SEBI framework on BRSR Core and value chain-disclosures and assurance by listed entities> accessed 13 February 2025

[9] Aparna Ashokan 'Chapter 2: An Overview of ESG Reporting in India: Practices and Challenges' in Apoorvi Shrivastava and Amlan Bhusan (eds), *Sustainable Boardrooms: Democratising Governance and Technology for Society and Economy*, (Springer 2023) accessed 13 February 2025

[10] Ioannis Ioannou and George Serafeim, 'The Consequences of Mandatory Corporate Sustainability Reporting' (2017) Harvard Business School Research Working Paper <The Consequences of Mandatory Corporate Sustainability Reporting by Ioannis Ioannou, George Serafeim :: SSRN> accessed 13 February 2025

there are several challenges in implementing BRSR framework such as standardisation, difficulties in quantification and data collection.

II. Development of BRSR Framework in India

A. Evolution of BRSR

a) Theoretical foundation of ESG

The concept of sustainability has been expanding. The rationale behind it is that there is a need for conservation and enabling future generations to live comfortably. Industrial development, urban upscaling and increase in population are some of the reasons for the depletion of resources. The principle of “Triple Bottom Line approach- People, Planet and Profit” lies in the core of sustainability initiatives.[11] The traditional way of thinking was that economic prosperity and environment were not related to each other. However, this approach changed that notion to state that all three are inter-related. A more recent approach is the “Circle of Sustainability” which expands on the previous approach. The social aspect of the triple bottom line approach is expanded. The four segments of this are- economics, ecology, politics and culture.[12] Principles of “Stewardship” and companies as “Corporate citizens” lay the groundwork for development of CSR and ESG. The Social Contract theory states that companies operate in society and therefore sustainability information is a part of fulfilling this contract and informing society. [13]In September 2015, India and other 192 member countries made a commitment to adhere to the Sustainable Development Goals (SDGs) in the UN General Assembly meeting which was held in New York.[14]

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[11] David Selden, 'The Triple Bottom Line and Why We Care about Sustainability' (2010) 15 AALL Spectrum 14 < https://heinonline.org/HOL/P?h=hein.aallar/spectrum0015&i=16> accessed 13 February 2025

[12] Background Material on Business Responsibility and Sustainability Reporting, Revised Edition 2021, Sustainability Reporting Standards Board Sustainability Reporting Standards Board, Institute of Chartered Accountants of India <kb.icai.org/pdfs/68851srsb170122.pdf> accessed 13 February 2025

[13] Ruchi Tewari and Darshana Dave, ‘Corporate Social Responsibility: Communication through Sustainability Reports by Indian and Multinational Companies’ (2012) Sage Journals < Corporate Social Responsibility: Communication through Sustainability Reports by Indian and Multinational Companies - Ruchi Tewari, Darshana Dave, 2012> accessed 14 February 2025

[14] United Nations, ‘Transforming Our World: The 2030 Agenda for Sustainable Development (2015) < THE 17 GOALS | Sustainable Development> accessed 14 February 2025

b) Shift from CSR to ESG

There has been a shift from Corporate Social Responsibility (CSR) to corporates adopting a broader view through the ESG framework. CSR framework helps a company reports about its sustainability initiatives. Initially, CSR was a voluntary framework, and it was on a "comply or explain" parameter.[15] CSR was used a tool to enhance image of the company and not as a tool to create social impact. However, with time, investors wanted more transparent reporting and therefore, there was a shift from CSR to ESG.[16] CSR is for companies that cross thresholds whereas ESG reporting is for only top listed companies. Both CSR and ESG are crucial for corporates, but ESG is broader in scope and addresses changing needs of investors and other stakeholders. CSR is elaborately addressed in the Companies Act, 2013 in Section 135[17] whereas ESG requirements are not addressed in the Act. ESG is a relatively new concept and deals with how company as a corporate citizen takes actions on matters related to climate change, carbon emission, diversity in employees' selection, ethical practices, etc. Both these disclosures help companies to inform about their sustainability efforts to their stakeholders. CSR is a compliance requirement whereas ESG integrates sustainability into core business practices. CSR is looked at from a regulatory compliance angle whereas ESG reporting aligns with international practices.[18]

c) Shift from BRR to BRSR

The first reporting framework in India for sustainability was in 2009. The MCA introduced the "Voluntary Guidelines on Corporate Social Responsibility". This was revised and renamed as the "National Voluntary Guidelines (NVGs) on Social, Environmental, and Economic Responsibilities of Business" was introduced by the MCA in 2011.[19] Since the adoption of these guidelines were voluntary, the implementation of it was not widespread. India's commitment to the SDGs and sustainability was affirmed in the United Nations Climate

[15] Jayati Sarkar and Subrata Sarkar, 'Corporate Social Responsibility in India- An Effort to Bridge the Welfare Gap (2015) Indira Gandhi Institute of Development Research< WP-2015-023.pdf> accessed 13 February 2025

[16] Aparna Ashokan 'Chapter 2: An Overview of ESG Reporting in India: Practices and Challenges' in Apoorvi Shrivastava and Amlan Bhusan (eds), *Sustainable Boardrooms: Democratising Governance and Technology for Society and Economy*, (Springer 2023) accessed 14 February 2025

[17] Companies Act, 2013 Section 135 < Acts>

[18] Adya Pandey, 'From Qualitative to Quantitative Approach: Shift from CSR to ESG Reporting' (2023) 6 International Journal of Law Management & Humanities, 505-515, <https://heinonline-org.opj.remotlog.com/HOL/P?h=hein.journals/ijlmhs24&i=528.> accessed 14 February 2025

[19] MCA, ' National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (Press Release, 12 July 2011) < BOOKLET PRINT 6711> accessed 14 February 2025

Change Conference (COP-26), 2021 which took place Glasgow, UK.[20] These principles include various ESG elements, including human rights, ethical governance, inclusivity and sustainability. [21]

In 2012, SEBI introduced the BRR Framework which were in line with the NVG principles and was made compulsory for the top 100 listed entities. It was brought in as a part of the listing regulations where listed entities were required to disclose. BRR applicability was increased to top five hundred listed entities in 2015 on voluntary basis and to the top one thousand entities which are listed in 2019. MCA revised the NVGs and replaced it with the National Guidelines on Responsible Business Conduct (NGRBC) in 2019.[22]The United Nations Guiding Principles on Business & Human Rights (UNGPs) was among the main reasons for revision of the guidelines.[23] BRR was then changed to BRSR considering the NGRBC Principles.

B. Explaining the BRSR framework of SEBI

a) Section A: General disclosures

From 2022-2023, BRSR was made compulsory for top 1000 listed companies. General disclosures are covered under Section A of the report which deals with basic details of the company, its operations, description on what kind of product or service is rendered, its employees, grievances addressed, CSR initiatives undertaken by the Company, etc. Under this section the number of employees and workers, the diversity in the Board and KMPs in terms of representation of women is also covered.[24]

b) Section B: Management and process disclosures

Section B of the report covers Management practices such leadership, governance and disclosures related to Processes. Under this section, reporting on whether various policies are

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[20] Arpita Garg, Indian Legal Regime for ESG, Manupatra (June 21, 2022), < Indian Legal Regime For ESG> accessed 13 February 2025

[21] Nivit Kumar Yadav and Shobhit Srivastava, 'Strengthening Environmental Reporting under BRSR' (2024) Centre for Science and Environment < https://www.jstor.org/stable/resrep60348.3 > accessed 14 February 2025

[22] Ministry of Corporate Affairs, Government of India, 'MCA Releases National Guidelines on Responsible Business Conduct' Press Information Bureau (13 March 2019) <MCA releases national guidelines on responsible business conduct>accessed 15 February 2025

[23] ibid.

[24] SEBI, 'Business Responsibility and Sustainability Reporting by Listed Entities- Annexure 1' (SEBI Circular-SEBI/HO/CFD/CMD-2/P/CIR/2021/562, 10 May 2021) <Business responsibility and sustainability reporting by listed entitiesAnnexure1_p.PDF> accessed 15 February 2025

put in place by the entity is covered. This section also requires businesses to set short, long term and medium-term goals on ESG matters.[25] For example, a company can have a short-term goal of training all its employees, medium term aim of reducing carbon footprint before 2030 and achieving zero carbon emission by 2050 as its long-term goal. Companies are also required to list out review of performance on each NGRBC principles in this section.[26]

c) Section C: Principle-based performance disclosures

These are based on the 9 principles of the NGRBC. Principle 1 deals with "Ethics" wherein businesses are required to be held in ethical manner and transparency is important. It is in line with SDG 16. Principle 2 is in line with SDG 12 and deals with how business entities must provide sustainable goods and services which are also safe. Principle 3 deals with Wellbeing. The wellbeing of the employees notably, those in the value chain is to be reported and is in line with SDG 8. Principle 4 states that businesses must be responsive and respectful to all stakeholders. Human rights must be adhered to by businesses as per Principle 5. Principle 6 encourages businesses to restore and protect the environment. This principle has reference to many SDGs like 11, 13, 14 and 15. Principle 7 states that when businesses get involved in public policy, it must do so in a transparent manner. Inclusive Growth is covered in Principle 8. The last principle is that consumers must be engaged with and provided value for in a responsible manner. These principles are reported in two categories-essential and leadership indicators.[27]While the former is mandatory to be reported by all companies required to file BRSR, the leadership indicators are voluntary to achieve higher levels of ESG. Essential indicators show a standardised view on a company's sustainability impact. Leadership indicators like climate risk assessment, proactive customer engagement, etc. are additional indicators that shows a company's commitment towards sustainability and stakeholders.[28]

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[25] ibid.

[26] SEBI, 'Business Responsibility and Sustainability Reporting by Listed Entities- Annexure 1' (SEBI Circular-SEBI/HO/CFD/CMD-2/P/CIR/2021/562, 10 May 2021) <Business responsibility and sustainability reporting by listed entitiesAnnexure1_p.PDF> accessed 15 February 2025

[27] SEBI, *BRSR Core - Framework for assurance and ESG disclosures for value chain* (Circular dated July 12, 2023-SEBI/HO/CFD/CFD-SEC-2/P/CIR/2023/122, 2023), Annexure 2

[28] Aditya Mathur, 'BRSR-A Broad Overview'(2024), ICSI Chartered Secretary, Vol 52 <icsi.edu/media/webmodules/CSJ/May_24/ICSI_May_2024.pdf> accessed 18 February 2025

C. Introduction of BRSR core and reasonable assurance

SEBI issued a circular dated June 14, 2023[29], wherein BRSR Core which is a part of BRSR report was introduced. "BRSR Core" comprises of nine Key Performance Indicators (KPIs) for each principle. There is a timeline for gradual implementation of BRSR Core to entities that are listed. The top 250 listed entities must disclose "BRSR Core" from the financial year 2024-2025. It then extends to top 500 listed entities in 2025-2026. In the financial year 2026-2027 top one thousand listed entities will have to adopt this. [30]Additionally, listed entities are also required to show these elements for their value chain. This is to the degree the KPIs forming part of the BRSR Core are attributable to the value chain entity. It must be reported on an aggregate basis and must be separated into upstream and downstream entities.[31]

SEBI mandates the listed entity to assurance for the elements in the BRSR Core. It gives assurance that the sustainability report is reliable and increases trust among stakeholders about the veracity of the report. It is on the Board of the reporting entity to ensure the necessary expertise to provide reasonable assurance. Conflict of interest shall not be there between the assurance provider and the listed entity, i.e., should not be a consultant or selling products, etc. "Reasonable assurance" and "limited assurance" are the two categories of assurance. For providing reasonable assurance there is a requirement of examination assessment. Extensive procedures are conducted, and extensive evidence is conducted in reasonable assurance. Limited assurance is only a review engagement. The number of tests and evidence are fewer as compared to reasonable assurance. [32]

D. Case studies in India

The following case studies analyse companies in India with varying ESG practices:

a) Good sustainability practices -Tata group

i. Background:

Among the corporates in India, Tata group stands as a pioneer for sustainability practices. The

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[29] Securities Exchange Board of India, 'BRSR Core- Framework for Assurance and ESG Disclosures for Value Chain' (Circular No.: SEBI/HO/CFD/CFD-SEC-2/P/CIR/2023/122, 12 July 2023)<SEBI | BRSR Core - Framework for assurance and ESG disclosures for value chain> accessed 18 February 2025

[30] SEBI, 'FAQs on BRSR Core') (2023) <1691500854553.pdf> accessed 18 February 2025

[31] ibid.

[32] Background Material on Business Responsibility and Sustainability Reporting, Revised Edition 2021, Sustainability Reporting Standards Board Sustainability Reporting Standards Board, Institute of Chartered Accountants of India <kb.icai.org/pdfs/68851srsb170122.pdf> accessed 18 February 2025

founder of the group, J. N. Tata, while applying for licenses for exploring raw materials wanted an assurance from Forest Department to "plant afresh all such trees as may be cut down for the purpose"[33]. The Tata Sustainability Group (TSG) was established in 2014, to drive sustainability initiatives across the group companies.[34] Tata group is the first Indian conglomerate to publish report on contribution to SDGs in 2017. [35]11 companies from the group have adopted GRI reporting.[36] In the Globe Scan Sustainability Leaders Survey of 2022, Tata group emerged at the top rank in Asia Pacific region.[37] Through Project *Aalingana* Initiative, Tata Group envisages to reach net zero emissions by 2045 and has a pioneering vision of creating circular economy by replenishing more freshwater than consumed by 2040.[38]

ii. BRSR Reporting:

In 2021, TATA Motors, the automobile manufacturer of TATA Group conducted materiality assessment with stakeholders (external as well as internal). Material topics were identified, and the company's rating was analysed under various ESG metrics. The sustainability goals of the company are in line with the global practices like SDGs and Science Based Targets Initiatives (SBTi).[39] The Group has also established a Supplier Code of Conduct thereby ensuring that the procurement process is within the ESG standards.

The Company was an early adopter of the BRSR (previously BRR) and publishes a report on its website on GRI content Index year after year. The company in its annual report for the year 2024 has reported both the mandatorily required 'essential indicators' and the voluntary 'leadership indicators' under the nine principles. The company aims to decarbonise and is transitioning to use of renewable energy. By 2045 it has a goal to attain carbon neutrality. The company has provided training for safety and health for over 8.5 lakhs hours.[40] Tata Motors has also released a Special Purpose Supplementary BRSR Report. It was a voluntary effort by

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[33] 'Embracing the Planet for a Sustainable Future- Aalingana' (Tata Group, 2022) <Embracing the Planet, Embracing the Future | Sustainability | Tata group> accessed 18 February 2025
[34] Tata Sustainability Group, *About Us* (Tata Sustainability Group) < Tata Sustainability Group> accessed 18 February 2025
[35] Tata Group, 'The Tata group publishes report on its contribution towards SDGs' (Press Release, 22 August 2017) < Tata releases report on contribution to Sustainable Development Goals> accessed 18 February 2025
[36] Tata Sustainability Group, 'Sustainability at a Glance' < Sustainability at a Glance - TATA Sustainability Group> accessed 22 February 2025
[37] Tata Group, 'Embracing a Planet-Positive Future' (Aalingana, December 2022) < Embracing the Planet, Embracing the Future | Sustainability | Tata group> accessed 22 February 2025
[38] Sustainability, Tata Group, <Project Aalingana | Sustainability | Tata group> accessed 22 February 2025
[39] Tata Sustainability Group, *About Us* (Tata Sustainability Group) < Tata Sustainability Group> accessed 22 February 2025
[40] Tata Motors, Annual Report 2023-2024 4 (2024) <AnnualReport202223.pdf> accessed 22 February 2025

the company as a combined report of two of its reported entities together. The report shows that only 9% of the companies' total employees are women and this shows gender diversity must be improved.[41]

In 2023, Tata Chemicals Limited and its subsidiary, Rallis India Limited were winners of the 3rd ICAI (Institute of Chartered Accountants of India) Sustainability Reporting Awards 2022-23 for "Excellence in BRSR Mid Cap – Manufacturing Sector". The company also has a Safety, Health, Environment and Sustainability (SHES) committee which oversees the company's sustainability practices. [42] Tata Consumer Products which is the food and beverages segment of the Tata group was awarded by the CII Food Future Foundation (FFF) for Sustainable Sourcing in the year 2020.[43]

iii. Analysis:

The sustainability reports of the Tata group serve as a benchmark for the other companies and stands as a pioneer of sustainability initiatives even at a global level. The BRSR report is well-aligned with global standards. Global sustainability reporting has also been undertaken by the company. The Group has been receiving awards for sustainability, and it is known for trust among stakeholders. They have incorporated sustainability into business practices, creating stakeholder value.

b) Poor sustainability practices- Vedanta Limited

i. Background:

Vedanta Limited, a multinational natural resources conglomerate headquartered in India, has faced several sustainability challenges. In 2007, Vedanta built an aluminium refinery at Lanjigarh, Odisha with capital investment of Rs. 50,000 crores. Vedanta planned to excavate bauxite which was the vital input resource for aluminium production from nearby Niyamgiri hills. These hills are home to Dongoria Kondhs tribal group. The Supreme Court recognized

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[41] Tata Motors, Special Purpose Supplementary BRSR for 2023-2024 4 (2024) <Special-Purpose-Supplementary-BRSR-for-FY-2023-24.pdf > accessed 20 February 2025

[42] 'Tata Chemicals and Rallis India get top honors at ICAI Sustainability Reporting Awards 2023' (Tata Chemicals Limited (21 December 2023) < Tata Chemicals and Rallis India get top honors at ICAI Sustainability Reporting Awards 2023> accessed 20 February 2025

[43] 'Tata Consumer Products Recognized for its Sourcing Practices by CII Food Future Foundation, Tata Consumer Products' (19 January 2021), < Tata Consumer Products recognized for its sourcing practices at CII Food Future Foundation (FFF) for Sustainable Sourcing 2020 | Tata Consumer Products> accessed 21 February 2025

the cultural, religious and spiritual rights of the tribe, thereby dismissing claim of Vedanta to mine.[44]

ii. Sustainability Concerns:

The Sterlite Copper plant at Tuticorin, Tamil Nadu, has faced allegations of toxic wastewater. The Madras High Court ordered its closure in 2010 over pollution concerns, but the order was reversed by the Supreme Court within a week. In April 2013, the Supreme Court fined Sterlite ₹100 crore for pollution. Protests against the expansion of the plant in 2018 turned violent, leading to nine deaths. Since then, the plant has remained shut, though Vedanta is actively pursuing its reopening.[45]

In 2010, institutional investors of Vedanta raised concerns regarding violations of human rights and environmental laws.[46] In 2022, a fine of Rs. 25 crores was imposed on Hindustan Zinc Ltd., a subsidiary of Vedanta, for environmental violations in Bhilwara district, Rajasthan. The violations spanned nearly 1,200 hectares of mining land, highlighting a disregard for sustainable practices.[47] Vedanta's oil business, Cairn India, faced accusations of lobbying to avoid public hearings in state of Rajasthan. Engaging and hearing concerns of local community is essential process to proceed with the exploratory drilling for oil blocks allotted through government auctions. However, Cairn was awarded six such controversial oil projects despite irregularities as alleged by locals. [48] Sesa Resources Limited, another subsidiary, having mining operations in Goa was held liable for regulatory lapses by Department of Mines and Geology. The same had been reported in BRSR filings for financial year 2023-24. Thereafter, Mines Secretary held the company not liable, and the company was directed to pay rupees fifteen

[44] 'Vedanta Group Slapped with Environmental Fine of Rs. 71.16 crore for Unauthorised Dumping of Fly Ash in Odisha', *The Hindu* (21 February 2024) < Vedanta Group slapped with environmental fine of ₹71.16 crore for unauthorised dumping of fly ash in Odisha - The Hindu> accessed 25 February 2025

[45] 'Five Times Vedanta Triggered Environment Worries', *NDTV Profit* (23 May 2018) <Sterlite Protests: Five Times Vedanta Triggered Environment Worries> accessed 25 February 2025

[46] Randeep Ramesh, 'Vedanta Forced to Rethink Human Rights Record in India' *The Guardian* (6 September 2010) < Vedanta investors look into human rights issues in India | Vedanta Resources | The Guardian> accessed 25 February 2025

[47] 'India: Hindustan Zinc Fined over Environmental Violations', Business and Human Rights Resource Centre (07 February 2022) <India: Hindustan Zinc fined over environmental violations - Business & Human Rights Resource Centre> accessed 25 February 2025

[48] ' Vedanta Lobbied to weaken Key Environment Regulations: OCCRP', *The Hindu Businessline* (01 September 2023) < Vedanta lobbied to weaken key environmental regulations: OCCRP - The Hindu BusinessLine> accessed 25 February 2025

lakhs.[49]

iii. Analysis:

For an investor or public in general, when they look at the BRSR report of the company it may seem like it has engaged in positive sustainability performance. However, these challenges which are faced by Vedanta underscore its persistent struggles with sustainability and environmental responsibility. The reporting framework only mandates the company to disclose the fines it is liable for in a financial year without looking into the underlying issues and protests done by the public. The company has in its report mentioned its sustainability initiatives and policies, but the underlying issues and controversies faced by the public in general do not get highlighted in the report.

III. Impact of BRSR and Global ESG Standards

A. Impact of BRSR implementation

a) Impact on corporate practice

i. Enhancing ESG Disclosures in India

Not only SEBI and MCA, but other regulatory authorities are also implementing guidelines for sustainability reporting. RBI in its press releases has issued a draft for banks to follow as disclosure requirements on climate change.[50] The central authority for consumer protection introduced Guidelines to prevent Greenwashing. Greenwashing means the practice of giving the wrong idea or providing misleading information about how sustainable or environmentally friendly a product is. The guidelines call for proper third-party verification and studies conducted on independent basis with evidence to substantiate the claims of general terms like “natural”, “eco-friendly”, “green”, “organic”, etc.[51]

Many companies have come to understand that there is a need to balance industrial development and environmental conservation. It was reported by PricewaterhouseCoopers

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[49] Business Responsibility and Sustainability Reporting (BRSR) 2023-2024 (Vedanta Limited, 2024) < business-responsibility-and-sustainability-report.pdf> accessed 26 February 2025

[50] Reserve Bank of India, ‘Draft Disclosure framework on Climate-related Financial Risks, 2024’ (RBI, 28 February 2024) < Reserve Bank of India - Database> accessed 10 March 2025

[51] Central Consumer Protection Authority, ‘Guidelines for Prevention and Regulation of Greenwashing, 2024) Department of Consumer Affairs < Draft Guidline with approval.pdf> accessed 17 March 2025

(PwC)[52] that as many as out of one hundred companies have decreased production of waste in 2022-2023 and 26% have reduced water consumption. The report studies Nifty 50 companies and the subsequent fifty companies on the list, from their BRSR reports for the year 2022-2023. Diversity in the workforce can build team spirit, optimal mix of talents and skills and increased employee satisfaction. The report found that 12% of companies have had growth of workforce that has more than half as women. Value chain partners are an important part of BRSR reporting. Out of these 100 companies, 62 have given training on ESG matters to their value chain partners and 54 have conducted evaluation through assessment on environment metrics. India has an aim of achieving net zero emissions by 2070 and it is important that corporates get on board to achieve this.[53] It was reported by PwC that 49% of companies have shifted to renewable sources for energy consumption.[54]

ii. Influence on Stakeholder Confidence and Investor Decisions

Customers and investors are increasingly seeking to invest their money in corporates that care for sustainability. BRSR can help them showcase their sustainability initiatives especially since it is a publicly available document to attract investors. Around 79% of investors feel that it is important that companies consider ESG risks and opportunities in a Global Investor Survey conducted by PwC in 2021.[55] SEBI in its consultation paper dated February 20, 2023[56] states that both regulators and investors have pushed for ESG disclosures. SEBI has proposed to develop a framework for regulating ESG Rating Providers (ERP). ERPs must consider the domestic and international context while assigning ESG ratings. ESG investing means the act of investing in ESG forward companies by socially conscious investors. To protect these investors, disclosures must be increased to protect them from greenwashing and mis-selling.

The principle of stakeholder inclusiveness must be adopted by the board while preparing the report and hence different viewpoints of stakeholders needs to be considered while

[52] PwC, 'Navigating India's Transition to Sustainability Reporting' (2024) <Navigating India's transition to sustainability reporting> accessed 17 March 2025
[53] ibid.
[54] PwC, 'Navigating India's Transition to Sustainability Reporting' (2024) <Navigating India's transition to sustainability reporting> accessed 17 March 2025
[55] PwC Global Investor Survey (PwC, 2021) < Companies failing to act on ESG issues risk losing investors, finds new PwC survey> accessed 17 March 2025
[56] SEBI, *Consultation Paper on ESG Disclosures, Ratings and Investing* (2023) < SEBI | Consultation Paper on ESG Disclosures, Ratings and Investing> accessed 17 March 2025

preparing strategy. [57]As seen in the Tata Group case study above, it is a leader in sustainability reporting and it helps stakeholders like investors, public, regulators and builds trust and reputation for the organisation. In 2025, TCS got leadership status in the CRISIL ESG scores.[58] On the other hand, the protests against Vedanta went unnoticed in sustainability report and it creates an information gap for stakeholders. Though the company has done adequate legal compliance, BRSR fails to show the overall picture of corporate responsibility.

b) Impact on company growth

i. Cost Benefit Analysis for Companies

Reporting on ESG matters help corporates to assess risks. Companies can reduce costs by adopting alternate methods and technology. For example, a company can track its energy consumption and aim to reduce energy costs. Another example would be how a company can increase its diversity and inclusivity policy by using BRSR reports thereby attracting and retaining top talent. By demonstrating the company's goals for sustainability, employees will be motivated, and productivity will increase. There will be increased transparency when a company discloses about its board composition and governance structures. This will in turn reduce regulatory risks and scrutiny.[59]

Around 90% of the top 500 S&P companies publish reports that are related to ESG. [60]CRISIL released ESG scores for various corporates in 2022. Out of 100%, the E component of ESG is given a weightage of 35%, "S" is given 25% and 40% weightage is given to "G". Governance is the highest as it drives the other two components. Companies like RIL, HDFC, ICICI, Infosys, and TCS are among the top five on the Nifty indices. RIL scored an overall of 61 with the lowest being 44 for environment component. HDFC, TCS and Infosys were in the leadership category with overall scores above 70.[61]

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[57] GRI, 'The value of sustainability reporting and the GRI Standards' (2020) < the-value-of-sustainability-reporting-and-the-gri-standards.pdf> accessed 17 March 2025

[58] CRISIL, 'CRISIL's Sustainability Solutions-ESG Score 2024' (CRISIL, 2024) <ESG Ratings > accessed 17 March 2025

[59] KSS Kanhaiya, 'BRSR- A Guide for Senior Management' (2023) SSRN <BRSR – A Guide for Senior Management by KSS Kanhaiya :: SSRN > accessed 19 March 2025

[60] Lucy Perez and Others, 'Does ESG really matter-and why?' (McKinsey Sustainability,2022) < Impact of ESG performance on firm value and profitability - ScienceDirect> > accessed 19 March 2025

[61] Dr. V. Padmaja and others, 'Sustainability Reporting of NIFTY Top Five Companies: A Secondary Analysis' (2023) 14(02) 30-41 M.S. Ramaiah Management Review < Sustainability Reporting of NIFTY Top Five

ii. Impact on Financials

Companies will have to bear the implementation costs such as storing and managing data, BRSR team, regular audits, etc. While this can increase costs temporarily, on a long term this would reduce operational costs. Litigation risks, fines and penalties will come down drastically when company is able to monitor its practices on a continuous basis. [62]It can also give competitive advantage as consumers who value sustainability would prefer ESG conscious companies. By having quantitative ESG disclosures, companies would be more transparent and improved ESG scores increase brand value. By adopting fair labour practices across supply chain, the risk of supply chain disruptions come down. Firms benefit in terms of profitability and shareholder value by adopting sustainable practices and there is an economic rationale to adopt these.[63][64]

According to Mr. N Chandrasekaran, who is the Executive Chairman of the Tata Sons- Tata Group has faced 12% increase in brand value due to its increasing sustainability initiatives, digitalisation efforts and supply chain integration. Sustainability has been integrated into the core of the business practices and brand image.[65] There has been 61% change in consumer preferences, operational costs of climate disasters are at 56%, employees physical and mental health considerations at 55% and 54% respectively.[66]

B. Global ESG standards overview & case studies

a) Key standards

i. Global Reporting Initiative (GRI) Sustainability Reporting Standards

GRI is a not-for- profit organisation and is among the most popular methods for reporting

Companies: A Secondary Analysis | M. S. Ramaiah Management Review ISSN (Print) - 0975-7988> accessed 19 March 2025

[62] Witold Henisz, Tim Koller, and Robin Nuttal, 'Five Ways that ESG creates Value' (2019) Mckinsey Quarter < Five ways that ESG creates value> accessed 19 March 2025

[63] Muhammad Moaz Tariq Bajwa and others, 'Does Financial Performance in Firms Benefit from Sustainability Performance? The Mediating Effect of Governance on Firm Performance of Listed Firms in Canada' (2023)14 Journal of Management & Sustainability < Law Journal Library - HeinOnline.org> accessed 19 March 2025

[64] Mahmut Aydogmus and others, 'Impact of ESG performance on firm value and profitability' (2022) 22-SR Borsa Istanbul Review < Impact of ESG performance on firm value and profitability - ScienceDirect> accessed 20 March 2025

[65] Brand Finance, 'Tata Group: A Big Transformational Journey' (Brand Finance, 2022) < Tata Group: A Big Transformational Journey | Brand Finance> accessed 20 March 2025

[66] 'Over 90 Indian Businesses Raised Sustainability Funds Over Last Year: Report' *Business Standard (*27 November 2024) < Over 90% Indian businesses raised sustainability funds over last yr: Report | Company News - Business Standard> accessed 20 March 2025

on sustainability. Among the world's 250 top corporates, 77% use GRI to demonstrate sustainability and is being used in more than 100 countries.[67] It is developed from a multi-stakeholder perspective and keeps the interest of the public as its foundation. To foster "value creation", the GRI is part of the International Integrated Reporting Council (IIRC) which is an alliance of investors, corporations, NGOs, policy makers, organisations that set standards globally. Its objective is to make "integrated reporting" as a corporate practice in all sectors. One of the other aims is to align corporate practice, capital utilisation, economic growth and sustainable development.[68] GRI is divided into three components- universal, sectors and topics. The topics standards are divided as follows: GRI 200s are economic, GRI 300s deal with environment and GRI 400s deal with social topics.[69]

ii. International Sustainability Standards Board (ISSB) – IFRS S1 & S2

The International Financial Reporting Standards (IFRS) Foundation established the International Sustainability Standards Board (ISSB) in 2021. It was commenced at COP26. It is standard making body and it provides information to investors and other interested parties about a company's sustainability efforts as there is a need quality information that is comparable. It is a "global baseline for sustainability-related financial disclosures" and is supported by several international organizations such as the FSB (Financial Stability Board), G7, G20, IOSCO, etc.[70] IFRS-S1 brings out the "General Requirements for Disclosure of Sustainability-related Financial Information" and can be used with GAAP accounting. IFRS-S2 deals with "Climate-related Disclosures" where targets are set by the companies and targets that are required by law are disclosed. These standards incorporate widely recognized concepts and links with accounting standards. These standards integrate the work of earlier standards like Task Force on Climate-related Financial Disclosures (TCFD), Climate Disclosures Standards Board (CDSB), SASB standards, and Integrated Reporting

[67] 'GRI global adoption by top companies continues to grow' (GRI News centre, 2024) < GRI - GRI global adoption by top companies continues to grow> accessed 20 March 2025

[68] Background Material on Business Responsibility and Sustainability Reporting, Revised Edition 2021, Sustainability Reporting Standards Board Sustainability Reporting Standards Board, Institute of Chartered Accountants of India <kb.icai.org/pdfs/68851srsb170122.pdf> accessed 20 March 2025

[69] Global Reporting Initiative, 'A Guide for Policy Makers' (2021) <gri-policymakers-guide.pdf> accessed 20 March 2025

[70] IFRS Foundation, 'ISSB Frequently Asked Questions' < IFRS - ISSB: Frequently Asked Questions> accessed 20 March 2025

from Value Reporting Foundation (VRF).[71]

The Sustainability Accounting Standards Board (SASB) Standards are particular to different industries and classifies businesses into seventy-seven (77) sectors and suggests individual metrics for each pillar of ESG. These standards help in assessing threats and opportunities that are expected to impact a corporate's financial performance and cash flows. In 2022, the ISSB and the IFRS Foundation have taken over the SASB Standards.[72] In 2015, the Financial Stability Board (FSB) established the TCFD to aid in disclosure of climate related financial data. In 2023 the IFRS Foundation took over this and assumed responsibility of monitoring disclosure of climate related data. The TCFD has 4 major recommendations: (1) Governance - the management of climate risks and opportunities by the organization's governance structure, (2) Strategy - the influence of climate-related risks and possibilities on financial decisions and strategies, (3) Risk Management - the identification and assessment of climate-related risks by the organization, and (4) Metrics and Targets - the establishment of targets and the evaluation of organizational performance against those targets, particularly the material ones.[73]

iii. CDP (formerly Carbon Disclosure Project)

CDP provides for voluntary reporting with focus on greenhouse gas emissions, climate change, water, forests, plastic use, carbon footprint. As a not for profit organisation, it covers disclosures on Scope 1 emissions (emissions by the companies directly like industrial processes), Scope 2 emissions (not direct emissions for example- heating, cooling) and Scope 3 emissions (value chain).[74] CDP aligns with other global standards. Companies from hundred and thirty nations which constitute around two-thirds of the total world market capitalisation use CDP to report environmental information. Companies that use CDP have cut their emissions by 7-10% within a couple of years.[75]

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[71] Sarah Carroll , 'Overview of IFRS=S1 and IFRS-S2' (Grant Thorton, 2023) < IFRS S1 and IFRS S2 | Grant Thornton insights> accessed 22 March 2025

[72] Sustainability Accounting Standards Board, 'How SASB Standards Support ISSB Disclosure' < SASB: Your pathway to ISSB - SASB> accessed 21 March 2025

[73] Task Force on Climate-related Financial Disclosures (TCFD), 'Final Report: Recommendations of the Task Force on Climate-related Financial Disclosures' (June 2017) <FINAL-2017-TCFD-Report.pdf> accessed 21 March 2025

[74] Alice Gomstyn and Alexandra Jonker, 'What is the Carbon Disclosure Project (CDP)?' (IBM, 2024) < What Is the Carbon Disclosure Project (CDP)?| IBM> accessed 21 March 2025

[75] Carbon Disclosure Project, 'Home', (CDP) < CDP: Turning Transparency to Action> accessed 21 March 2025

b) Global case studies

i. *Good Sustainability Practices - Linde PLC*

Background:

Linde is an engineering and industrial gas global manufacturer, which reported sales of $33 billion in 2024. Industrial gas manufacturing companies are bound to emit high levels of carbon and hence are not ideal to adopt ESG practices. Linde has challenged this thought by demonstrating that its products enhance the decarbonization of their customers' supply chain. Linde has displayed a wider perspective of accounting emissions data and implementing practical solutions towards achieving net zero.

Sustainability Initiatives:

For the assessment year 2024, S&P Global provided an ESG rating of 79 to Linde, which puts it in the 'very high' category.[76] Linde has incorporated the practice of embedding environmental and safety aspects throughout the product life cycle. In 2022, their products have prevented the emission of 90 million metric tons of carbon.[77] Linde has formulated an ambitious target for reduction in carbon emission. The "35 by 35" target aims to achieve 35% reduction in emissions by 2035, thereby reaching neutrality by 2050.[78] By 2019, Linde developed The Sustainable Development 2028 (SD 2028) target through which four priority areas were identified: climate change; safety, health and environment; Integrity and compliance; people and community. Each of these areas has clearly measurable quantified targets, which build investor confidence. Linde has set a target to invest more than $1 billion in decarbonization initiatives.[79] Linde is a part of the Dow Jones Sustainability World Index for twenty-one years consecutively.[80]

[76] S&P Global ESG Scores (S&P Global, 2025) < S&P Global> accessed 25 March 2025
[77] MFS Case study, 'ESG in Action: Linde' (MFS, 2022)< ESG-Action-Linde.pdf> accessed 25 March 2025
[78] 'Linde-35 by 35 and Climate Neutrality Ambition' (Linde, 2025) < 35 By 35 and Climate Neutrality Ambition | Linde> accessed 25 March 2025
[79] 'Sustainable Development 2028 Targets' (Linde, 2025) <Sustainable Development 2028 Targets | Linde> accessed 25 March 2025
[80] 'Linde Included in Dow Jones Sustainability World Index for the Twenty-First Consecutive Year' (Linde, 2023) < Linde Included in Dow Jones Sustainability World Index for the Twenty-First Consecutive Year | Linde> accessed 25 March 2025

Analysis:

Though operating in an industry bound to have significant carbon impact, Linde has innovatively strategized and implemented sustainability initiatives through niche value addition in their products and production processes. Such efforts serve as an inspiration and global benchmark for all companies across industries. Further, this commendable approach of the leadership has clearly envisioned the long-term benefits for various stakeholders by enacting such challenging, yet cutting-edge practices.

ii. ***Medium Sustainability Practices - The Coca-Cola Company***

Background:

Water stewardship is a sustainability initiative started by this company where it replaces 100% of water used by it. The Company in its sustainability report in 2025 has stated that 148% of the water used has been returned to nature in 2023.[81] Around 62% of the packaging material have been collected and will be recycled. 27% of this has already been used in packaging again. [82]The company is adapting to the change in consumer health preferences and has been coming up with no sugar and low-calorie varieties as well as smaller portions for portion control.[83] It has supply chain partnerships with agriculturalists and uses ingredients like sugarcane, fruits, coffee, tea, soybeans, etc. in the manufacturing process. It has laid down Principles for Sustainable Agriculture.[84]

Sustainability Concerns:

Coca-Cola set net zero emissions as its target by 2050, and the Europe division has an aim of achieving this goal by 2040. However, there are packaging concerns. Around 137 billion number of plastic bottles and seventy- four billion cans made from aluminium and steel is generated by the company. [85] It has been criticized for reducing its targets. It previously had a target of 50% in recycling in primary packaging, but it changed the target to 35%- 40% by

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[81] The Coca-Cola Company, '2025 Sustainability Report' (2025) < PowerPoint Presentation> accessed 28 March 2025
[82] ibid.
[83] The Coca-Cola Company, 'In our Products' < In Our Products> accessed 28 March 2025
[84] The Coca-Cola Company, 'Agriculture' <Agriculture> accessed 28 March 2025
[85] Jennifer L, 'The Bottled Truth: Coca-Cola's New 2035 Environmental Goals face sustainability backlash' *Carbon Credits* (05 December, 2024) <The Bottled Truth: Coca-Cola's New 2035 Environmental Goals Face Sustainability Backlash> accessed 29 March 2025

2035. The company also changed its motto of "recycle one bottle one bottle sold by 2030."[86] In 2024, Coca-Cola was sued by the Los Angeles County for plastic pollution.[87] It has also faced several greenwashing allegations where in advertisements glass bottles are shown, but most of the packaging material is plastic.[88]

Analysis:

Though Coca-Cola has been taking initiatives for reach net zero for water consumption, the company has been biased in not undertaking such practices in developing countries. The packaging processes of the beverage company is detrimental to the environment and needs immediate attention. As single-use plastic and aluminium is the material used for packaging, there seems to be no commitment and intent to introduce environment-friendly materials. While the positives are widely communicated and mentioned in disclosures, the company has been silent on the numerous shortcomings, thereby conveying the intention that sustainability theme is exploited as an advertising tactic rather than genuinely benefiting the environment.

iii. *Poor Sustainability Practices - Saudi Aramco*

Background:

Founded in 1933, Saudi Aramco is the world's biggest producer of crude oil, with Saudi government having 81% stake in the company. The company is part of the entire value chain starting from oil exploration up to marketing and distribution with operations across the globe. It has oil reserves of 258.8 billion barrels, which is about 80% of the global oil reserve.

Sustainability Concerns:

In 2021, an environmental organization, Clientearth filed a complaint against the company in the UN. The complaint is about the negative effect of climate change on human rights

[86] Gregory Meyer and Patrick Temple-West, 'Coca-Cola draws fire after watering down environmental targets' *Financial Times* (New York, 04 December 2024) accessed 29 March 2025

[87] Nate Raymon, 'Los Angeles County sues PepsiCo and Coca-Cola for plastic pollution' *Reuters* (01 November 2024) < Los Angeles County sues PepsiCo and Coca-Cola over plastic pollution | Reuters> accessed 28 March 2025

[88] Meghan Baroni, 'Coca-Cola sued for Deceptive Sustainability claims' (10 June, 2021) < Coca-Cola Markets Itself as Environmentally Friendly While Creati> accessed 28 March 2025

caused by the company wherein it was alleged that the company was one of the biggest corporate emitters of GHG worldwide, amounting to around 4% of the cumulative carbon emissions since 1965.[89]There are also allegations of greenwashing as it has claimed to follow oil exploration processes with low carbon impact. Experts from UN alleged that Saudi Aramco's calculation methodology omits the carbon emitted by customers which are categorically termed as Scope 3 emissions. In 2023, a letter was issued by independent human rights experts appointed by UN to Saudi Aramco stating the impact of its activities on the environment undermines the 2015 Paris Agreement as its carbon reduction initiatives would not be sufficient to limit global warming within 1.5^0C.[90] Further, the company has been accused of 'sportswashing' by environmental think-tanks for 'misleading environmental claims' in advertisement campaign as the sponsor of Formula 1 racing.[91] The production levels of e-fuel which is advertised by Saudi Aramco are very insignificant as compared to the environmental impactful fossil fuel operations.

Analysis:

The lack of focus on sustainability practices by Saudi Aramco is due to focus on only business expansion and maintaining global leadership position in crude oil production. The misleading communications reveal the superficiality in implementing sustainable actions. The presence across multiple countries and the scale of operations provides immense scope of undertaking initiatives for benefiting the environment. Further, with recent consumer shift towards green alternative fuels, the management needs to actively consider ways to offset the damage to environment through business practices.

IV. Comparative Analysis and Challenges in BRSR Implementation

A. Comparative analysis: BRSR framework and global standards

ESG initiatives are increasing in developed countries whereas in developing countries with

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[89] Clientearth Complaint Concerning Saudi Arabian Oil Company (Saudi Aramco) and the Kingdom of Saudi Arabia' (2023) <clientearth-complaint-concerning-saudi-arabian-oil-company.pdf> accessed 29 March 2025

[90] Karoline Schaps, 'The UN vs. Big Oil' (International Bar Association, 21 May 2024) < The UN versus Big Oil | International Bar Association> accessed 29 March 2025

[91] Euronews Green, 'Sportswashing: Saudi Aramco accused of 'misleading' F1 fans with advanced fuel adverts' *Euronews* (21 February, 2024) < Sportswashing: Saudi Aramco accused of 'misleading' F1 fans with advanced fuel adverts | Euronews> accessed 29 March 2025

lesser investment it is lesser.[92] The mapping of GRI standards with BRSR framework will help stakeholders in understanding how the Indian sustainability framework aligns with internationally accepted standards. The comparison of BRSR norms with GRI standards reveals 52.3% similarity between the frameworks. There were 18 areas in which BRSR was more elaborate than GRI, whereas BRSR needed further refinement in 7 areas [93] In case a company is already reporting under any of the internationally accepted standards, it doesn't have to report again for BRSR in the annual report. It can cross reference the entries.[94]

In terms of Section A, i.e., General Disclosures in BRSR report which deals with company details, operations, products, employees and diversity details, holding/subsidiary and associates details, CSR details align with GRI 102.[95] Section B of the BRSR is like the GRI 103 dealing with management and process disclosures. GRI 103 deals with Management approach. In the governance aspect, director responsible for this reporting must make a statement highlighting the ESG challenges, targets and what has been achieved so far. Specific policies undertaken by the management to fulfil sustainability must be disclosed in both the standards. [96]

Principle based disclosures under Section C of the BRSR report aligns with the GRI standards. For example, Principle 1 states that businesses must be conducted in an ethical manner. Details of fines, penalties and settlement must be disclosed. These are covered in GRI 205 deals with Anti-corruption, GRI 419 on Socio-economic compliance, GRI 307 on environmental compliance, GRI 403 on Occupational health and safety. Leadership indicator like conducting awareness programmes is not covered in GRI. Principle 2 deals with providing goods and services in a sustainable way. Aspects such as how much of recycled material is used in the final product aligns with GRI 301-2.[97] Whether the entity has conducted any life cycle

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[92] Sushmita Dhar, 'Role of ESG Assimilation in Corporate Financial Performance and Sustainability: Power and Energy Sector' (2023) 5 Indian Journal of Law and Legal Research 1, 12 <https://heinonline.org/HOL/P?h=hein.journals/injlolw11&i=6014> accessed 12 April 2025

[93] Naresh Nial and Pranay Parashar, 'A comparative study on sustainability standards with specific reference to GRI standards and BRSR framework' (2024), International Journal of Quality & Reliability Management, Vol. 41 No. 7, pp. 1752-1782 <https://doi.org/10.1108/IJQRM-02-2023-0028> accessed 12 April 2025

[94] SEBI, 'Guidance Note for Business Responsibility and Sustainability Reporting Format, Annexure-II' <Business responsibility and sustainability reporting by listed entitiesAnnexure2_p.PDF> accessed 09 April 2025

[95] Background Material on Business Responsibility and Sustainability Reporting, Revised Edition 2021, Sustainability Reporting Standards Board Sustainability Reporting Standards Board, Institute of Chartered Accountants of India <kb.icai.org/pdfs/68851srsb170122.pdf> accessed 15 April 2025

[96] ibid.

[97] Global Reporting Initiative, 'Linkage of GRI Standards with SEBI's BRSR Framework' (2022) <Final_landscape.cdr> accessed 16 April 2025

assessment is a leadership indicator under BRSR. Principle 3 on employee well-being is covered under GRI 401 (employment), GRI 403 (occupational health and safety) and GRI 404 (training and education disclosure). [98]Principle 4 states that businesses must be responsive to stakeholders aligns with Stakeholder Inclusiveness Principle of the GRI Standards. Principle 5 relates to human rights and can be mapped to GRI 412- assessment of human rights where issues like child labour, sexual harassment, wages and other such human rights violations are addressed. Principle 6 on environment aligns with GRI 302 (energy), GRI 303 (water effluents), GRI 305 (emissions), 306 (waste) and GRI 304 (biodiversity).[99] Principle 7 on engaging with public in a transparent manner is related to GRI 415 (public policy). Principle 8 on promotion of equitable and inclusive growth is covered under GRI 413 on local communities and CSR is covered in this principle. Principle 9 deals with providing value to customers. This aligns with GRI 416 (customer health and safety), GRI 417 (marketing and labelling), and GRI 418 (customer privacy) and GRI 206 (anti-competitive behaviour).[100]

B. Challenges in BRSR implementation

a) Issues in data collection and standardization

As per the BRSR filing, companies are mandated to report environmental data, training conducted; communal initiatives and the resulting social impact.[101] This involves collecting huge amount of data from various departments, facilities, systems, and machines in the organisation, as well as external sources.[102] Companies must invest significant time due to the extensive data required for filing a comprehensive BRSR report. Smaller companies often find it difficult to adopting the framework due to limited expertise and financial constraints. Many data points might be not digitized and will be difficult to record. Data collection, standardisation, data duplication, inconsistency and error in data are some of the issues. [103]The BRSR framework is data intensive. It should not end up being a mere box-ticking activity for

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[98] ibid.

[99] Bombay Stock Exchange, 'Linking the GRI Standards and the SEBI BRR Framework' (2017) <linkage_doc_of_gri_and_bse.pdf> accessed 16 April 2025

[100] ibid.

[101] SEBI, *BRSR Core - Framework for assurance and ESG disclosures for value chain* (Circular dated July 12 2023-SEBI/HO/CFD/CFD-SEC-2/P/CIR/2023/122, 2023), Annexure 2 < SEBI | BRSR Core - Framework for assurance and ESG disclosures for value chain> accessed 16 April 2025

[102] Aparna Ashokan 'Chapter 2: An Overview of ESG Reporting in India: Practices and Challenges' in Apoorvi Shrivastava and Amlan Bhusan (eds), *Sustainable Boardrooms: Democratising Governance and Technology for Society and Economy*, (Springer 2023)

[103] Ashish Kumar Srivastava, 'ESG Framework: Balancing, Profit, Public & Planet' (2023) 5 <https://heinonline.org/HOL/P?h=hein.journals/cmrusyj5&i=432> CMR Univ J Contemp Legal Aff 101

companies. There are over one hundred data points that must be addressed in the BRSR reports.[104] This makes the quality and engagement by the corporates in reporting on ESG uncertain. There is absence of sector specific reporting as ESG can vary between industries.[105]

b) *Difficulties in quantifying qualitative aspects of ESG*

The required information on oversight, governance, leadership issues and management processes are highly qualitative. Companies with limited expertise may misinterpret the framework and face challenges in correctly identifying material issues.[106] Further, questions on training and assessments capture only the count of such activities and hence fail to ascertain the impact. Companies would be inclined to organise activities for the sake of disclosing, compromising the BRSR framework's intended purpose. With nearly 40% of the reporting being qualitative[107], the required responses are descriptions of the processes rather than results or impact oriented. This challenge of non-standardisation remains a key challenge in measuring the degree of responsible and sustainable business practices. Further, BRSR mandates reasonable assurance for core KPIs; hence, the disclosures are at the discretion of the disclosing company.

c) *Integration challenges with existing corporate reporting systems*

Incorporating BRSR standards and sustainability practices requires significant investments in capital expenditure, training costs, and engaging experts. Furthermore, there can be resistance from the management to adopt BRSR and contrasting views to manage sustainability and profitability. Organization-wide ESG vision and strategy must be formulated followed by planning the deliverables for each business unit. For ensuring the buy-in from employees, the organizational leadership should have unwavering focus on the ESG vision and have constant engagement with the employees on these themes. Companies may be unable to have dedicated

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[104] ibid.

[105] Umakanth Varottil, 'The Legal and Regulatory Impetus towards ESG in India: Developments and Challenges' (NUS Law Working Paper 2023/025, 2023) < The Legal and Regulatory Impetus Towards ESG in India: Developments and Challenges by Umakanth Varottil :: SSRN> accessed 17 April 2025

[106] Aparna Ashokan 'Chapter 2: An Overview of ESG Reporting in India: Practices and Challenges' in Apoorvi Shrivastava and Amlan Bhusan (eds), *Sustainable Boardrooms: Democratising Governance and Technology for Society and Economy*, (Springer 2023)

[107] SEBI, *BRSR Core - Framework for assurance and ESG disclosures for value chain* (Circular dated July 12, 2023 SEBI/HO/CFD/CFD-SEC-2/P/CIR/2023/122, 2023), Annexure 2 < SEBI | BRSR Core - Framework for assurance and ESG disclosures for value chain> accessed 17 April 2025

teams with expertise.[108] This may lead to onboarding experts on a consulting basis. Moreover, companies may engage with ESG Rating Providers (ERPs). SEBI in its consultation paper[109] sought inputs on the need to regulate ESG Rating Providers as this is currently unregulated and there is potential for conflict of interests among entities. The methodologies used and the rating processes used by these entities may significantly differ among ERPs.[110]

d) Regulatory and organizational barriers

The basis for formulating ESG strategy should be balanced, considering the inputs of all stakeholders. The 'outside-in' approach of prioritizing shareholders could be detrimental for employees. The ESG strategy needs to be concise which prioritizes the focus areas that would create value in the long term, such as raw material sourcing, product carbon footprint, labour management, and governance. Another critical concern is the meaningfulness of the non-financial data disclosed to stakeholders, especially investors, employees and policymakers. While corporates would be willing to publicise good practices, the qualitative nature of disclosing information in the BRSR framework would lead to under or partial reporting of unfavourable practices. Greenwashing is another challenge whereby companies engage in providing claims that are not true related to environmental sustainability.[111]

V. Conclusion

With India being the third largest contributor to the global GDP[112], adopting sustainable and responsible business practices by organisations in India plays a vital role globally. Following the recent emphasis globally on business sustainability, regulators in India have steadily formulated policies which provides the necessary guidance. As SEBI is in phase of enhancing

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[108] Ravi Shankar Nori, 'Challenges and Opportunities for ESG Integration in India: A Closer Look Ahead of the BRSR Deadline' (Singhi & Co., 2023) < ESG Integration in India ...> accessed 17 April 2025

[109] SEBI, *Consultation Paper on ESG Ratings Providers for Securities Market* (2022) < SEBI | Consultation Paper on Environmental, Social and Governance (ESG) Rating Providers for Securities Markets> accessed 20 April 2025

[110] ibid.

[111] Sarthak Mishra and Kritika Singh, 'Chapter 1: Environment, Social and Governance Norms: Assessing the Need for Shifting Focus from Corporate Governance to Sustainable Corporate Governance' in Apoorvi Shrivastava and Amlan Bhusan (eds), *Sustainable Boardrooms: Democratising Governance and Technology for Society and Economy*, (Springer 2023)

[112] Monika Yadav, 'India to corner 18% of global GDP' (The New Indian Express, 18 May 2024) <https://www.newindianexpress.com/business/2024/May/18/india-to-corner-18-of-global-gdp> accessed 20 April 2025

the implementation of BRSR for the ease of doing business[113], there is limited academic research exploring the holistic effectiveness of the framework. The numerous studies on sustainability reporting in developed countries indicates the need for research on the effective formulation and adoption of sustainability reporting in emerging economies, which is challenging owing to implementation constraints. However, it is noteworthy to mention that businesses in India have taken substantial efforts to implement BRSR. [114]Effectiveness of the recently formulated BRSR framework needs a thorough evaluation and the challenges faced by the corporate ecosystem must be appropriately addressed. A balance between ease in compliance and comprehensive sustainability reporting is required. The regulatory framework should be conducive for businesses of any scale and information reported should be relevant to the stakeholders.

[113] SEBI, *Recommendations of the Expert Committee for Facilitating Ease of Doing Business with respect to Business Responsibility and Sustainability Report (BRSR)* (Consultation paper, 2024) < BRSR Recommendations by Expert Committee for Facilitating Ease of Doing ..._p.pdf> accessed 25 April 2025

[114] Amit Garg and other, 'Analysis and Insights from ESG Disclosures Submitted by 1012 Indian Businesses under BRSR Guidelines' (2022–23)' (NIIF Chair in ESG, IIM Ahmedabad) < BRSR Report_2-12-2024.pdf> accessed 25 April 2025