CORPORATE SOCIAL RESPONSIBILITY AND ESG COMPLIANCE: TRENDS AND CHALLENGES: A COMPARATIVE LEGAL AND REGULATORY ANALYSIS OF INDIA, THE EUROPEAN UNION AND THE UNITED STATES

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ABSTRACT

Corporate Social Responsibility ("CSR") has evolved from a voluntary, philanthropic exercise into a codified legal obligation, while Environmental, Social and Governance ("ESG") compliance has emerged as the dominant vocabulary through which capital markets and regulators assess corporate accountability. This paper undertakes a doctrinal and comparative analysis of the legal architecture governing CSR and ESG in India, the European Union and the United States, tracing the trajectory from Section 135 of the Companies Act, 2013 -- the world's first statutorily mandated CSR-spending regime -- through the Securities and Exchange Board of India's Business Responsibility and Sustainability Reporting ("BRSR") framework, to the European Union's Corporate Sustainability Reporting Directive ("CSRD") and Corporate Sustainability Due Diligence Directive ("CSDDD"), and the contested fate of the U.S. Securities and Exchange Commission's climate-disclosure rule. The paper argues that the global ESG project is presently undergoing a decisive recalibration: the EU's Omnibus I Directive (EU) 2026/470 has substantially narrowed CSRD/CSDDD scope, the SEC has moved to formally rescind its 2024 climate rule, and Indian regulators have deferred value-chain ESG assurance notwithstanding continued BRSR Core expansion. Employing statutory interpretation, case-law analysis and empirical data from the National CSR Portal, SEBI circulars and comparative regulatory sources -- presented through original data visualisations -- the paper evaluates the doctrinal coherence, enforcement architecture and practical efficacy of these regimes. It identifies persistent challenges of definitional ambiguity, greenwashing, weak assurance mechanisms and fragmented cross-border standards, and examines judicial developments from Indian polluter-pays jurisprudence to the UK Supreme Court's parent-company duty-of-care doctrine and the Dutch Milieudefensie litigation. The paper concludes with law-reform recommendations directed at harmonising disclosure taxonomies and strengthening enforcement, while

cautioning against regulatory retrenchment that could erode two decades of accountability gains.

Keywords: Corporate Social Responsibility; ESG Compliance; Companies Act 2013; Section 135; BRSR; SEBI; Corporate Sustainability Reporting Directive; Corporate Sustainability Due Diligence Directive; Omnibus I Directive; Greenwashing; Stakeholder Theory; Corporate Governance.

I. Introduction

The relationship between the corporation and society has been re-negotiated repeatedly over the last century -- from the managerialist settlement of the mid-twentieth century, through the shareholder-primacy revolution associated with Milton Friedman's dictum that "the social responsibility of business is to increase its profits" [1], to the contemporary emergence of CSR and ESG as legally cognisable categories. CSR denotes the integration of social and environmental concerns into business operations [2], while ESG is principally an investor-facing disclosure taxonomy operationalised through frameworks such as the Global Reporting Initiative Standards [3] and, since 2023, the International Sustainability Standards Board's IFRS S1 and S2 [4]. Although conceptually distinct, the two have converged in regulatory practice [5].

India is the first major economy to mandate CSR spending by statute. Section 135 of the Companies Act, 2013 [6], read with the CSR Policy Rules, 2014 [7], requires qualifying companies to spend at least two per cent of average net profits on Schedule VII activities [8]. Since 2014, this regime has channelled over ₹2.2 lakh crore into CSR activity [9], supplemented by SEBI's BRSR framework for listed entities [10]. The European Union has built the world's most elaborate mandatory sustainability architecture through the CSRD[11] and CSDDD[12], while the United

[1]Milton Friedman, "The Social Responsibility of Business is to Increase its Profits," N.Y. Times Mag., Sept. 13, 1970, at 32.
[2]European Commission, A Renewed EU Strategy 2011-14 for Corporate Social Responsibility, COM(2011) 681 final, at 6 (2011).
[3]Global Reporting Initiative, GRI 1: Foundation 2021.
[4]IFRS Foundation, IFRS S1 (2023); IFRS S2 (2023).
[5]Umakanth Varottil, "Corporate Social Responsibility: A Case Study of India's Mandatory Regime," in Research Handbook on Corporate Social Responsibility (Choudhury & Petrin eds., 2019).
[6]Companies Act, 2013, No. 18 of 2013, §135 (India).
[7]Companies (Corporate Social Responsibility Policy) Rules, 2014, G.S.R. 129(E) (India).
[8]Companies Act, 2013, sched. VII (India).
[9]Dataful, Where the CSR Money Went (2025), https://insights.dataful.in/articles/where-the-csr-money-went-tracking-csr-spending-in-india.
[10]SEBI Circular No. SEBI/HO/CFD/CFD-SEC-2/P/CIR/2021/562 (May 10, 2021).
[11]Directive (EU) 2022/2464, 2022 O.J. (L 322) 15.
[12]Directive (EU) 2024/1760, 2024 O.J. (L).

States has oscillated between an ambitious 2024 SEC climate rule [13] and its 2025-26 abandonment [14].

This paper situates these three regimes within a single comparative frame, current through mid-2026, including the EU's Omnibus I Directive (EU) 2026/470 [15], which has substantially narrowed CSRD/CSDDD scope. It examines: (i) the doctrinal architecture of mandatory CSR/ESG regimes; (ii) whether these regimes have embedded sustainability into decision-making or produced compliance-driven "checkbox" behaviour and greenwashing [16]; and (iii) the significance of the 2025-26 wave of regulatory retrenchment for the future of corporate accountability.

II. Literature Review

A. Theoretical Foundations

Friedman's shareholder-primacy thesis [17] dominated Anglo-American corporate law for two decades, expressed doctrinally in Dodge v. Ford Motor Co. [18]. Freeman's stakeholder theory countered that managers owe obligations to all constituencies affected by corporate activity [19], while Carroll's "pyramid" of economic, legal, ethical and philanthropic responsibilities informs Schedule VII's drafting [20]. Elkington's "triple bottom line" bridged CSR and ESG by insisting on simultaneous measurement of social, environmental and financial performance [21], and Porter and Kramer's "shared value" thesis reframed CSR as a source of competitive advantage rather than a cost [22], though critics contend this understates genuine profit-welfare trade-offs [23].

B. The Indian Mandatory CSR Literature

Afsharipour situates India's CSR mandate within post-liberalisation governance reform

[13] Enhancement and Standardization of Climate-Related Disclosures, Release No. 33-11275, 89 Fed. Reg. 21,668 (2024).
[14] SEC, Press Release No. 2026-49 (May 29, 2026).
[15] Directive (EU) 2026/470, 2026 O.J. (L), in force Mar. 18, 2026.
[16] ESMA, Guidelines on Funds' Names Using ESG Terms, ESMA34-1592494965-657 (2024).
[17] Friedman, supra, at 33.
[18] Dodge v. Ford Motor Co., 170 N.W. 668 (Mich. 1919).
[19] R. Edward Freeman, Strategic Management: A Stakeholder Approach 46 (1984).
[20] Archie B. Carroll, "The Pyramid of Corporate Social Responsibility," 34 Bus. Horizons 39, 42 (1991).
[21] John Elkington, Cannibals with Forks 69-74 (1997).
[22] Michael E. Porter & Mark R. Kramer, "Creating Shared Value," 89 Harv. Bus. Rev. 62 (2011).
[23] Andrew Crane et al., "Contesting the Value of 'Creating Shared Value'," 56 Cal. Mgmt. Rev. 130 (2014).

as a synthesis of Gandhian trusteeship and modern regulatory technique [24]. Empirical studies document a 53 per cent rise in CSR expenditure between FY 2017-18 and FY 2021-22 [25], with National CSR Portal data recording ₹34,908.75 crore spent by 27,188 companies in FY 2023-24 [26]. A recurring critique is that the 2019-21 shift to a "comply or transfer" model [27] has strengthened procedural compliance without commensurate attention to developmental impact[28].

C. ESG Disclosure Convergence and Greenwashing

Christensen, Hail and Leuz's influential review finds mandatory sustainability reporting generally improves information environments, though effects on real corporate behaviour remain contested [29]. The 2023 issuance of ISSB standards IFRS S1/S2 is widely viewed as the decisive step toward a "global baseline" analogous to IFRS accounting standards [30]. A parallel literature addresses "greenwashing" -- overstating sustainability credentials [31] -- with European regulators renaming over 1,346 funds (~USD 1 trillion in assets) under ESMA's anti-greenwashing guidelines [32].

D. Judicial and Human Rights Dimensions

The 2011 UN Guiding Principles on Business and Human Rights established that enterprises bear an independent responsibility to respect human rights [33]. The UK Supreme Court's Vedanta v. Lungowe held an English parent company may owe a duty of care for harm caused by a foreign subsidiary's operations where it exercises sufficient control [34], reaffirmed in Okpabi v. Royal Dutch Shell [35]. The Hague District Court's 2021 Milieudefensie judgment ordered Shell to cut group emissions 45% by 2030 [36], substantially narrowed on appeal in 2024

[24]Afra Afsharipour, "Directors as Trustees of the Nation?," 40 Seattle U. L. Rev. 829, 833-40 (2017).
[25]The CSR Journal, "CSR Spending Grew by 53% from 2014 to 2022" (2025).
[26]Ministry of Corporate Affairs, National CSR Portal, CSR Data FY 2023-24.
[27]Companies (Amendment) Act, 2019, No. 22 of 2019, §21 (India).
[28]Vikramaditya Khanna, "Reforming the Board," 4 NUJS L. Rev. 365, 378-81 (2011).
[29]Hans B. Christensen, Luzi Hail & Christian Leuz, "Mandatory CSR and Sustainability Reporting," 26 Rev. Acct. Stud. 1176, 1189-1212 (2021).
[30]IFRS Foundation, Jurisdictional Profiles (2026).
[31]Magali A. Delmas & Vanessa Cuerel Burbano, "The Drivers of Greenwashing," 54 Cal. Mgmt. Rev. 64, 65-68 (2011).
[32]Morningstar Sustainalytics, Global ESG Fund Flows Rebound in Q2 2025 (2025).
[33]UN Human Rights Council, Guiding Principles on Business and Human Rights, U.N. Doc. HR/PUB/11/04, princs. 1, 11 (2011).
[34]Vedanta Resources plc v. Lungowe, [2019] UKSC 20, ¶¶ 49-53.
[35]Okpabi v. Royal Dutch Shell plc, [2021] UKSC 3, ¶¶ 143-51.
[36]Milieudefensie v. Royal Dutch Shell, Rechtbank Den Haag, ECLI:NL:RBDHA:2021:5337, ¶¶ 4.4.51-4.4.55

[37]. Indian jurisprudence developed cognate principles earlier: M.C. Mehta articulated "absolute liability" for hazardous industry [38], and Vellore Citizens read the precautionary and polluter-pays principles into Article 21 [39].

E. Comparative Regulatory Literature

The 2022 CSRD replaced the flexible 2014 Non-Financial Reporting Directive [40] with mandatory, assured disclosure against ESRS standards [41], and the 2024 CSDDD added substantive due-diligence obligations backed by civil liability [42]. Responding to the Draghi and Letta competitiveness reports [43], the Omnibus I Directive narrowed CSDDD scope by an estimated 70 per cent and removed its EU-wide civil liability regime [44]. In the U.S., the SEC's Climate Rule was stayed pending litigation in Iowa v. SEC [45], and following a change in Commission leadership was subject to a formal rescission proposal in May 2026 [46].

III. Research Methodology

This paper adopts a doctrinal legal research methodology supplemented by comparative and empirical analysis, examining primary sources -- statutes, delegated legislation, circulars and case law -- across India, the EU and the U.S. [47]. Secondary quantitative data from the National CSR Portal, SEBI, GSIA, Morningstar Sustainalytics and Bloomberg Intelligence is presented through original data visualisations. Given the rapid pace of regulatory change, particularly the EU Omnibus process and the SEC rulemaking record, the analysis is current as of July 2026 and expressly flags provisions in transition.

(2021).

[37]Milieudefensie v. Royal Dutch Shell, Gerechtshof Den Haag, ECLI:NL:GHDHA:2024:2100, ¶¶ 7.104-7.135 (2024).

[38]M.C. Mehta v. Union of India, (1987) 1 SCC 395 (India).

[39]Vellore Citizens' Welfare Forum v. Union of India, (1996) 5 SCC 647, ¶¶ 11-14 (India).

[40]Directive 2014/95/EU, 2014 O.J. (L 330) 1.

[41]EFRAG, First Set of Draft ESRS (2022).

[42]CSDDD, supra, arts. 6-11, 22.

[43]Mario Draghi, The Future of European Competitiveness (2024); Enrico Letta, Much More Than a Market (2024).

[44]Clifford Chance, "Omnibus I -- the EU Concludes CSDDD and CSRD Reforms" (2026).

[45]Iowa v. SEC, No. 24-1522 (8th Cir.).

[46]SEC Proposes Rescission of Climate-Related Disclosure Rules, supra.

[47]Konrad Zweigert & Hein Kötz, An Introduction to Comparative Law 2-17 (3d ed. 1998).

IV. Analysis and Discussion

A. The Indian Legal Framework: Section 135 and Its Ecosystem

Section 135(1) applies to companies meeting prescribed net worth (₹500 crore), turnover (₹1,000 crore) or net profit (₹5 crore) thresholds [48], requiring a CSR Committee with at least one independent director [49] and spending of two per cent of average net profits on Schedule VII activities [50], with a directory (not mandatory) local-area preference [51]. Rule 4(6) excludes activities benefiting only employees and their families [52]. The 2019-21 amendments converted the regime from "comply or explain" into "comply or transfer": unspent project-linked amounts must move to a special Unspent CSR Account within thirty days and be utilised within three years, failing which they must be transferred to a Schedule VII fund [53]; non-compliance now attracts a penalty of twice the unspent amount or ₹1 crore, whichever is less, with officers in default liable to one-tenth of the unspent amount or ₹2 lakh [54].

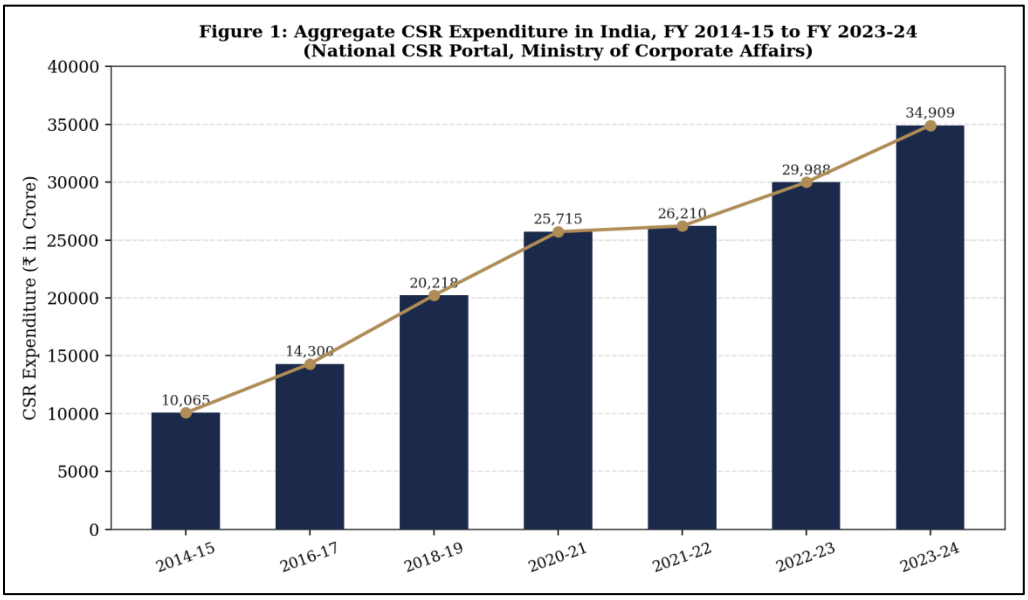

Figure 1: Aggregate CSR Expenditure in India, FY 2014-15 to FY 2023-24. Source: Ministry of Corporate Affairs, National CSR Portal; Dataful (2025).

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[48] Companies Act, 2013, §135(1) (India).
[49] Id. §135(1), proviso.
[50] Id. §135(5).
[51] Ministry of Corporate Affairs, General Circular No. 14/2021 (2021), ¶ 3.
[52] Companies (CSR Policy) Rules, 2014, r. 4(6) (India).
[53] Companies Act, 2013, §135(6) (India).
[54] Id. §135(7); Companies (Amendment) Act, 2020, No. 29 of 2020, §22 (India).

Aggregate expenditure recorded on the National CSR Portal grew from ₹10,065 crore in FY 2014-15 to ₹34,908.75 crore in FY 2023-24 [55] -- a more than three-fold rise -- notwithstanding a pandemic-era slowdown [56]. Education and healthcare continue to attract the largest sectoral share [57], while environmental-sustainability spending grew 54 per cent year-on-year in FY 2023-24 even as expenditure on slum development and rural development contracted sharply [58], and Maharashtra alone has received nearly ₹35,000 crore cumulatively -- more than double Karnataka, the second-ranked state [59], raising distributive-equity concerns discussed in Part V.

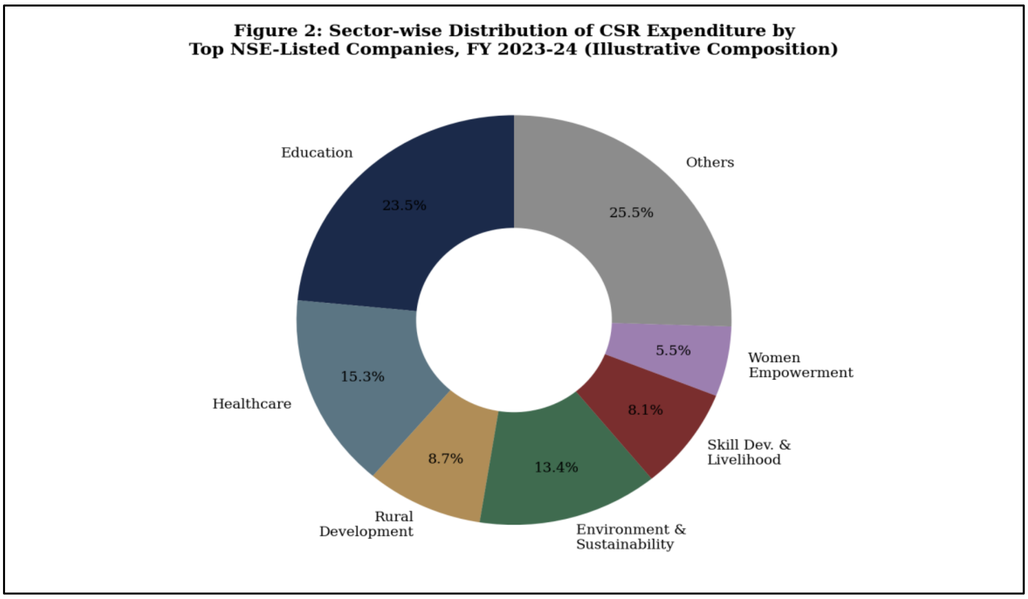

Figure 2: Illustrative sector-wise distribution of CSR expenditure among leading NSE-listed companies, FY 2023-24. Source: compiled from Vajiram & Ravi (2025) and Forbes India (2025).

B. SEBI's ESG Disclosure Architecture: BRSR and BRSR Core

SEBI's BRSR, mandatory for the top 1,000 listed entities from FY 2022-23 [60], is structured around nine principles derived from the National Guidelines on Responsible Business Conduct, 2019 [61], comprising 98 mandatory "essential" and 42 voluntary "leadership"

[55] National CSR Portal, supra.
[56] ClearTax, "Corporate Social Responsibility Under Section 135" (2026).
[57] Vajiram & Ravi, "CSR Spending in India Grows 16% in FY24" (2025).
[58] Id.
[59] Dataful, supra.
[60] SEBI Circular No. SEBI/HO/CFD/CFD-SEC-2/P/CIR/2021/562, supra.
[61] National Guidelines on Responsible Business Conduct, Ministry of Corporate Affairs (2019), princs. 1-9.

indicators [62]. In July 2023, SEBI introduced "BRSR Core" -- a reasonably-assured subset of ~30-49 KPIs -- phased in from the top 150 companies (FY 2023-24) to the full top-1,000 universe by FY 2026-27 [63].

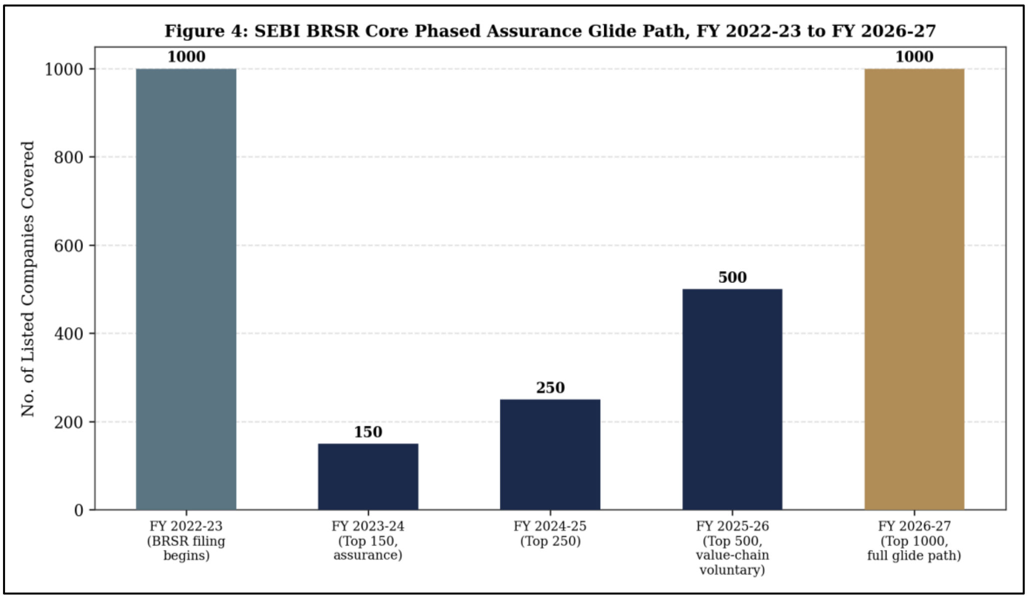

Figure 4: SEBI's BRSR Core phased assurance glide path, FY 2022-23 to FY 2026-27. Source: SEBI Circular (2023); Greenplaces (2025).

Notably, a December 2024 relaxation replaced "assurance" with the less onerous "assessment" [64], and a March 2025 circular converted mandatory value-chain ESG disclosure into a voluntary obligation [65] -- mirroring, in miniature, the EU's Omnibus retrenchment discussed below. Separately, SEBI's 2023 ESG Rating Providers framework requires third-party ESG raters to register with SEBI under a two-category model, addressing conflicts of interest that could otherwise compound greenwashing risk [66]. Non-compliance is treated as a LODR violation, attracting ₹2,000/day fines and SEBI enforcement penalties up to ₹1 crore under Section 15A of the SEBI Act [67].

C. The European Union: From NFRD to CSRD/CSDDD, and Omnibus I

The CSRD, adopted December 2022, extended mandatory reporting to large companies

[62]Consultivo, "BRSR" (2024).
[63]SEBI Circular No. SEBI/HO/CFD/CFD-SEC-2/P/CIR/2023/122 (2023).
[64]India Briefing, "BRSR Reporting in India: Key Changes" (2025).
[65]SEBI Circular No. SEBI/HO/CFD/CFD-SEC-2/CIR/P/2025/43 (2025).
[66]SEBI Master Circular No. SEBI/HO/DDHS/POD2/P/CIR/2023/121 (2023).
[67]SEBI Act, 1992, §15A (India).

(over 250 employees or €40m turnover) and EU-listed companies, phased across three "waves," governed by ESRS standards and requiring "double materiality" disclosure with limited assurance [68]. The CSDDD, adopted June 2024, imposed substantive human-rights and environmental due-diligence obligations on companies exceeding 1,000 employees/€450m turnover, with an EU-wide civil liability regime [69]. Following the Commission's February 2025 Omnibus I proposal and an April 2025 "Stop-the-Clock" postponement [70], the finalised Omnibus I Directive (in force 18 March 2026) raised CSRD thresholds to 1,000 employees/€450m turnover and CSDDD thresholds to 5,000 employees/€1.5 billion turnover, abolished the CSDDD's harmonised civil liability regime and 1.5°C transition-plan mandate, and removed listed SMEs from CSRD scope entirely [71].

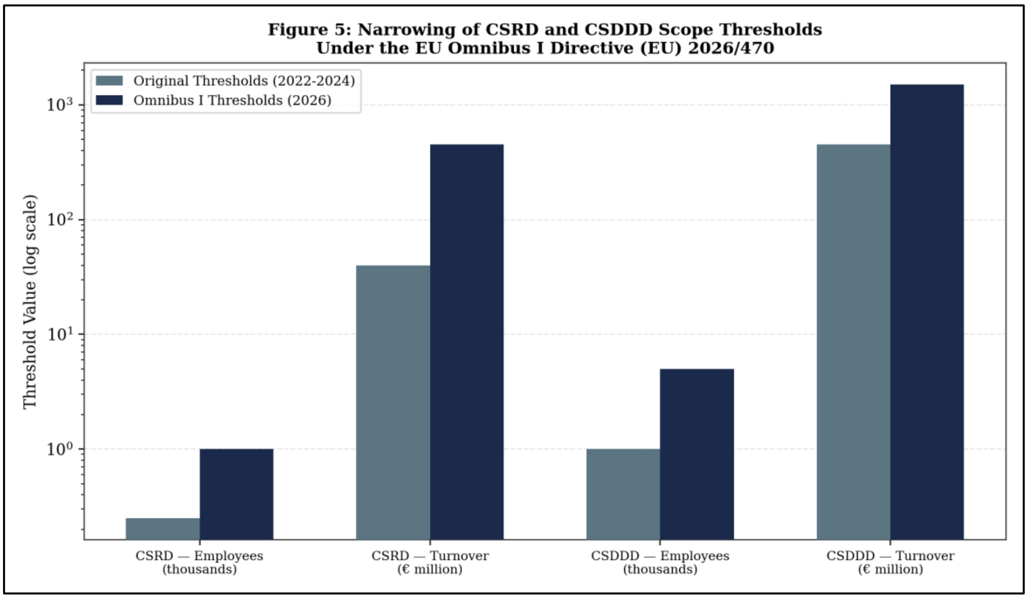

Figure 5: Comparative CSRD/CSDDD scope thresholds before and after the EU Omnibus I Directive (log scale). Source: Directive (EU) 2022/2464; Directive (EU) 2024/1760; Directive (EU) 2026/470.

D. The United States: Disclosure Ambition and Administrative Retreat

The SEC's Climate Rule, finalised March 2024, required material climate-risk and Scope 1/2 emissions disclosure [72], but was immediately challenged in six circuits, consolidated in the

[68] CSRD, supra, art. 1; ESRS 1, ¶¶ 3.1-3.5 (EFRAG 2023).
[69] CSDDD, supra, arts. 2, 6-16, 22, 29 (as originally adopted).
[70] Directive (EU) 2025/794, 2025 O.J. (L).
[71] Omnibus I Directive, supra, arts. 1(2), 2(1); PwC, "'Omnibus' Directive Finalised" (2026).
[72] Climate-Related Disclosure Rules, Release No. 33-11275, supra.

Eighth Circuit, and stayed [73]. Following a change in Commission leadership, the SEC withdrew its defence in March 2025 [74], and proposed formal rescission in May 2026 on the ground the rule exceeded statutory authority [75], leaving state statutes such as California's SB 253/261 as the primary source of mandatory U.S. climate disclosure [76].

E. Convergence, Fragmentation and Greenwashing Enforcement

Figure 6: Timeline of Key Global CSR/ESG Legal and Regulatory Milestones, 2010-2026

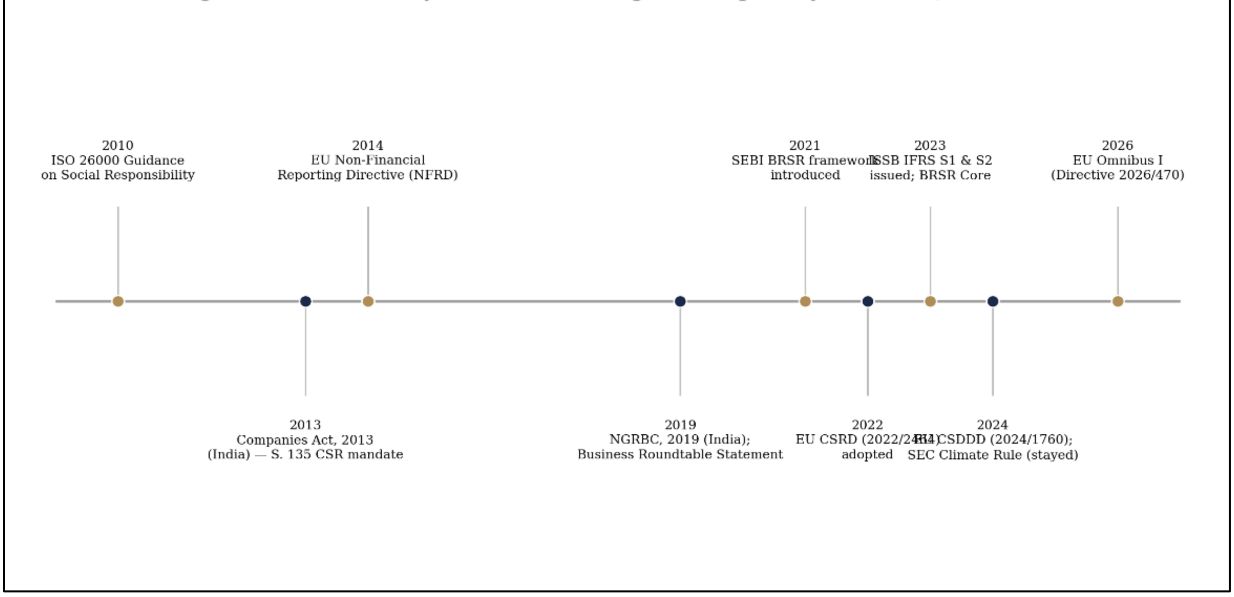

Figure 6: Timeline of key global CSR/ESG legal and regulatory milestones, 2010-2026. Source: compiled from primary sources cited throughout Part IV.

Three structural observations emerge. First, India alone mandates fixed-percentage CSR expenditure; the EU and U.S. models are disclosure/due-diligence based [77]. Second, all three jurisdictions have converged rhetorically on the ISSB/IFRS S1-S2 baseline, layering jurisdiction-specific requirements atop it [78]. Third, 2025-26 has witnessed a synchronised deregulatory turn: SEBI's voluntary value-chain shift, the EU's Omnibus narrowing, and the SEC's rescission proposal.

[73]Iowa v. SEC, supra.
[74]SEC Press Release No. 2025-58 (2025).
[75]SEC Proposes Rescission, supra.
[76]Cal. Health & Safety Code §§38532-38533 (2023).
[77]Varottil, supra, at 8-9.
[78]IFRS Foundation, Jurisdictional Profiles, supra.

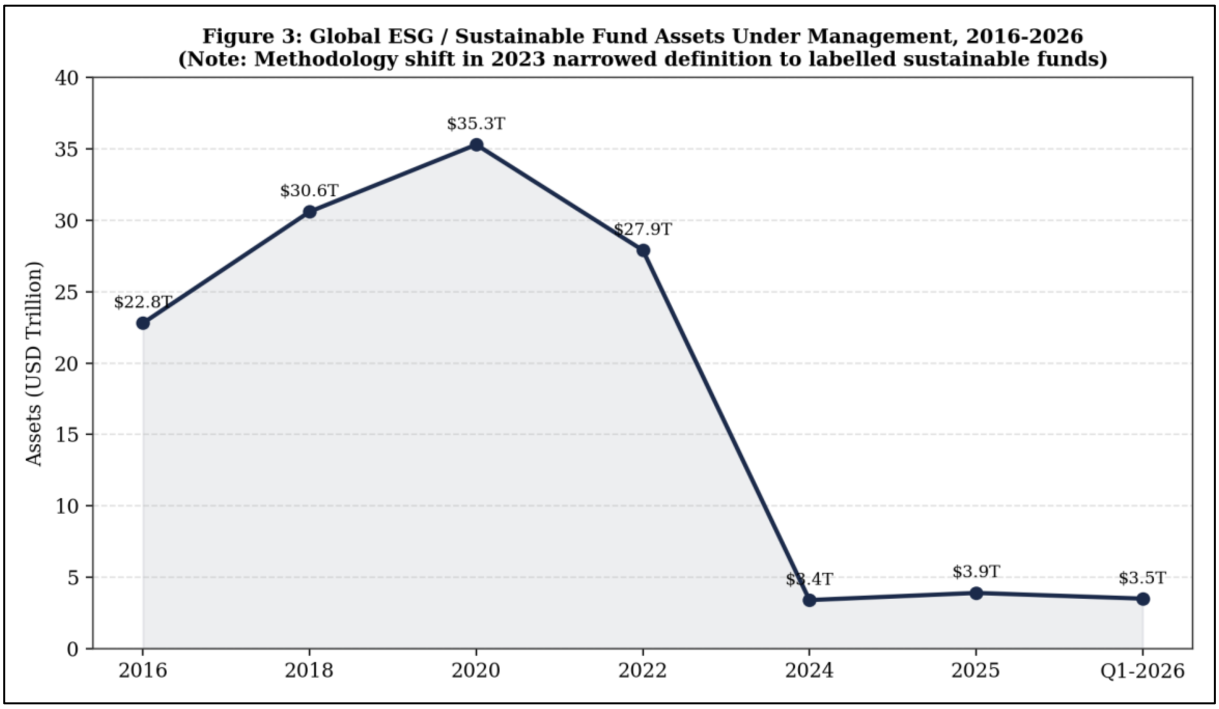

Figure 3: Global sustainable/ESG fund assets under management, 2016-2026 (USD trillion). Source: Bloomberg Intelligence; Morningstar Sustainalytics; GSIA (2024).

On Morningstar's narrower "labelled sustainable fund" measure, global assets stood at approximately USD 3.5 trillion in Q1 2026 [79], while GSIA's broader responsible-investment measure recorded USD 16.7 trillion in 2024 [80] -- indicating the "ESG backlash" narrative substantially reflects contraction in labelled products rather than a wholesale market retreat. Enforcement remains the dominant anti-greenwashing lever: ESMA's fund-naming guidelines triggered renaming of 1,346 European funds [81], while the SEC fined DWS Investment Management USD 19 million for misleading ESG claims [82] and pursued Goldman Sachs Asset Management for similar failures [83]. Both the CSRD and BRSR Core rely only on "limited assurance" rather than the "reasonable assurance" standard applied to financial audits [84], a gap the IAASB's 2024 ISSA 5000 standard seeks to address globally [85].

[79]ESG Today, "Sustainable Fund Flows Return to Positive Territory" (2026).
[80]EcoVadis, "ESG Investing Trends Shaping Procurement in 2026" (2026).
[81]Morningstar Sustainalytics, supra.
[82]SEC Press Release No. 2022-201 (2022).
[83]SEC Press Release No. 2023-86 (2023).
[84]CSRD, supra, art. 1; SEBI, Industry Standards on Reporting of BRSR Core (2024).
[85]IAASB, ISSA 5000 (2024).

F. Persistent Structural Challenges

Four cross-cutting challenges recur. First, definitional ambiguity: neither "CSR" nor "ESG" has a stable universal definition -- ISO 26000 frames it as organisational impact-responsibility [86], the World Bank as a development contribution [87], and IFRS S1 as investor-material risk information [88] -- producing overlapping compliance obligations for multinationals [89]. Second, disproportionate SME burden, which Omnibus I and SEBI's phased glide path both attempt to address [90]. Third, data-quality deficits, as spend-based emissions estimation remains permitted where primary data is unavailable [91]. Fourth, an enforcement-versus-disclosure imbalance, with all three jurisdictions investing disproportionately in disclosure architecture relative to assurance and enforcement capacity.

G. Judicial and Sectoral Illustrations

India's environmental jurisprudence -- M.C. Mehta and Vellore Citizens [92] -- continues to inform Schedule VII's environmental categories and BRSR Principle 6 disclosures. The 2018 closure of Vedanta's Sterlite Copper plant at Thoothukudi, upheld on appeal, illustrates the limits of CSR expenditure absent genuine social license to operate [93]. Germany's LkSG imposed substantive supply-chain due diligence ahead of the CSDDD [94], while the UK's Modern Slavery Act's disclosure-only model has drawn criticism for lacking enforceable due-diligence content [95]. India's own fiscal treatment denies deductibility to CSR expenditure under Explanation 2 to Section 37(1) of the Income-tax Act, 1961, on the reasoning that it represents an application, not earning, of profit [96], a position consistently affirmed by the ITAT [97].

H. Sustainable Finance and ESG Ratings Regulation

CSR and ESG compliance increasingly intersect with corporate financing. The ICMA's

[86] ISO 26000:2010, §2.18.
[87] World Bank Group, Public Policy for CSR 1 (2003).
[88] IFRS S1, supra, ¶3.
[89] Christensen, Hail & Leuz, supra, at 1181-83.
[90] Omnibus I Directive, supra; SEBI Circular No. SEBI/HO/CFD/CFD-SEC-2/CIR/P/2025/43, supra.
[91] KPMG, "SEBI Introduces Certain Key Changes in BRSR Reporting" (2025), at 6-7.
[92] M.C. Mehta, supra; Vellore Citizens, supra.
[93] Vedanta Ltd. v. Tamil Nadu Pollution Control Board, (2019) SCC OnLine SC 358 (India).
[94] KPMG Law, "First Omnibus Regulation" (2025).
[95] Genevieve LeBaron & Andreas Rühmkorf, "Steering CSR Through Home State Regulation," 8 Global Pol'y 15, 18-22 (2017).
[96] Income-tax Act, 1961, §37(1), Explanation 2 (India).
[97] JMS Mining Pvt. Ltd. v. PCIT, ITA No. 1358/Kol/2019 (ITAT Kolkata) (India).

Green Bond Principles remain the dominant voluntary framework for use-of-proceeds green-bond issuance [98], while the EU's Green Bond Standard links the "European Green Bond" label directly to Taxonomy alignment [99]. India's own SEBI framework for green debt securities, revised in 2023, and the Sovereign Green Bond Framework issued in 2022 extend this architecture domestically [100]. Recognising that unregulated proprietary ESG scores risked compounding greenwashing, SEBI's 2023 ESG Rating Providers framework requires third-party raters to register under a two-category model and observe strict conflict-of-interest safeguards [101] -- a "meta-regulatory" technique with no direct analogue in the EU's auditor-based assurance-provider model [102].

V. Findings

The analysis yields ten principal findings.

- **Finding 1** -- India's mandatory-spending model has demonstrably increased aggregate CSR expenditure (₹10,065 crore to ₹34,908.75 crore, FY 2014-15 to FY 2023-24) [103], but roughly one-fifth of obligated companies still fall short of mandated spend [104].

- **Finding 2** -- the "comply or transfer" penalty architecture has strengthened procedural compliance without commensurate investment in impact measurement, since mandatory impact assessment applies only to large projects by high-obligation companies [105].

- **Finding 3** -- India's BRSR/BRSR Core regime is structurally sound but its assurance architecture remains immature, evidenced by the "assurance"-to-"assessment" rebranding and the voluntary shift for value-chain disclosure [106].

- **Finding 4** -- the EU's Omnibus I Directive is the most consequential ESG deregulatory event globally since CSRD's adoption, narrowing CSDDD scope by an estimated 70

[98]International Capital Market Association, Green Bond Principles (2021, updated 2022), at 3-6.
[99]Regulation (EU) 2023/2631, 2023 O.J. (L), arts. 4-7.
[100]SEBI, Framework for Green Debt Securities (2017, revised 2023); Government of India, Sovereign Green Bonds Framework (2022).
[101]SEBI Master Circular No. SEBI/HO/DDHS/POD2/P/CIR/2023/121, supra.
[102]CSRD, supra, art. 1.
[103]National CSR Portal, supra.
[104]ClearTax, supra.
[105]Companies (CSR Policy) Rules, 2014, r. 8(3) (India).
[106]SEBI Circular No. SEBI/HO/CFD/CFD-SEC-2/CIR/P/2025/43, supra.

per cent and abolishing its harmonised civil liability regime [107].

- **Finding 5** -- the U.S. has moved furthest from mandatory disclosure, leaving state statutes as the primary source of climate disclosure and creating a fragmented sub-national compliance patchwork [108].

- **Finding 6** -- judicial doctrine, not statute, remains the most dynamic frontier of ESG accountability, per the Vedanta-Okpabi-Milieudefensie line of cases [109].

- **Finding 7** -- greenwashing enforcement has outpaced assurance reform, with ex post fund-relabelling and securities enforcement (over 1,346 European funds renamed; DWS and Goldman Sachs SEC actions) remaining the dominant accountability mechanism [110].

- **Finding 8** -- a striking synchrony characterises the 2025-26 regulatory cycle across all three jurisdictions, notwithstanding distinct institutional drivers, suggesting a global "second-generation" proportionality-oriented ESG posture.

- **Finding 9** -- despite the "ESG backlash" narrative, broadly defined responsible-investment capital (USD 16.7 trillion, GSIA) remains substantial even as narrowly labelled ESG products contract [111].

- **Finding 10** -- distributive concentration persists within India's CSR regime, with a few states and sectors capturing a disproportionate share of cumulative expenditure [112].

VI. Recommendations

Building on these findings, the paper advances the following recommendations.

- India should lower the impact-assessment threshold under Rule 8 of the CSR Policy Rules so that more CSR expenditure is subject to independent outcome evaluation [113].

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[107] Clifford Chance, supra.
[108] Cal. Health & Safety Code §§38532-38533, supra.
[109] Vedanta, supra; Okpabi, supra; Milieudefensie (Hague Ct. App.), supra.
[110] Morningstar Sustainalytics, supra; SEC Press Release No. 2022-201, supra.
[111] EcoVadis, supra.
[112] Dataful, supra.
[113] Companies (CSR Policy) Rules, 2014, r. 8(3), supra.

- SEBI should restore a firm timeline for transitioning BRSR Core "assessment" back toward genuine "reasonable assurance," anchored to the IAASB's ISSA 5000 standard[114].

- India should establish a public CSR-outcomes registry, extending the National CSR Portal beyond expenditure to standardised beneficiary and outcome metrics, to address the distributive concentration in Finding 10.

- The EU should ensure the simplified ESRS, expected via delegated act, preserves double-materiality assessment as a substantive requirement notwithstanding Omnibus I's broader simplification mandate [115].

- Member States should maintain or strengthen national tort-law pathways for cross-border corporate accountability now that the CSDDD's EU-wide civil liability regime has been removed, drawing on the Vedanta/Okpabi doctrinal template [116].

- Irrespective of the Climate Rule's fate, the SEC should clarify the continued applicability of existing materiality-based disclosure obligations under Regulation S-K to climate risk, to avoid a complete disclosure vacuum [117].

- International standard-setters (IFRS Foundation/ISSB, GRI, IAASB) should intensify convergence efforts toward a "global baseline plus jurisdictional layer" model, already implicit in BRSR Core's design [118].

- Given the demonstrated efficacy of ex post enforcement relative to ex ante assurance in curbing greenwashing, regulators should invest disproportionately in enforcement capacity even as assurance requirements phase in more gradually [119].

VII. Conclusion

CSR and ESG compliance stand, in mid-2026, at an inflection point. India's Section 135 remains a globally distinctive proof of concept that mandatory CSR spending is

[114]IAASB, ISSA 5000, supra.
[115]Deloitte, "European Sustainability Reporting -- Omnibus Legislative Developments" (2026), at 3.
[116]Vedanta, supra; Okpabi, supra.
[117]17 C.F.R. §§229.105, 229.303 (2024).
[118]ICAI, Background Material on Sustainability and BRSR (2024), at 12.
[119]Morningstar Sustainalytics, supra.

administratively workable at national scale, even as questions of developmental impact and distributive equity remain only partially addressed [120]. The EU's CSRD and CSDDD represented, at their 2022-24 zenith, the most ambitious mandatory sustainability architecture ever attempted supranationally -- an ambition now substantially retracted by Omnibus I [121]. The U.S., having briefly flirted with federal climate-disclosure mandation, appears set to abandon that project in 2026, ceding the field to a fragmented state-level mosaic [122].

These developments should not be read as simple "ESG in retreat." The persistence of USD 16.7 trillion in broadly defined responsible-investment assets [123], the continuing expansion of SEBI's BRSR Core glide path [124], and the qualified judicial vindication of corporate climate duties in Milieudefensie [125] together suggest a recalibration -- toward more proportionate, risk-differentiated regimes concentrating the heaviest obligations on the largest enterprises, relying more heavily on ex post enforcement and judicial accountability to police the rest. Whether this recalibration preserves or erodes the accountability gains of 2013-2024 will depend on choices yet to be made in the EU's simplified ESRS, the SEC's eventual rescission or reformulation of climate disclosure, and India's willingness to convert BRSR Core "assessment" back into genuine "assurance."

[120]See Part V, supra.
[121]Omnibus I Directive, supra.
[122]SEC Proposes Rescission, supra.
[123]EcoVadis, supra.
[124]SEBI Circular No. SEBI/HO/CFD/CFD-SEC-2/P/CIR/2023/122, supra.
[125]Milieudefensie (Hague Ct. App.), supra.