

Business Responsibility and Sustainability Reporting in India

Dr Richa Gupta



Assistant Professor, School of Business Management, Affiliated to IFTM University, Moradabad, Uttar Pradesh, India.

In India, information about sustainability is anticipated to be disclosed through BRSR. This would motivate individuals to think about aspects other than profit and risk when they make investments. The environmental criteria of BRSR will consider a company's performance as a steward of nature. Social criteria will consider how the company manages relationships with employees, suppliers, customers, and communities. The governance aspects will deal with a company's leadership salaries, audits, internal issues, and shareholder rights. It also bothers the impact of the company towards activities and business relationships on the economy, environment, and people. For that, a business enterprise must fulfil its non-financial reporting. This includes informing its stakeholders, investors, and employees about how its operations effect ESG issues. This paper aims to investigate how India is converting ESG to BRR and BRR to BRSR. As we know that GRI is a broad concept of BRSR, and we want to know the guidelines of SEBI BRSR. In this paper, I take the top 15 BSE SENSEX companies FY2023-2024 (on a quarterly basis) in India and check how they are following BRSR disclosure of Section C with its nine principles. The study will analyse the alignment of corporate disclosures with SEBI's BRSR framework and assess their effectiveness in fostering sustainability reporting. It will also evaluate the challenges companies face in implementing the prescribed ESG practices under BRSR. Furthermore, this research will highlight sector-wise variations in compliance and transparency levels. The findings will provide insights into corporate accountability and sustainable business practices in the Indian market. This paper aims to contribute to the growing discourse on ESG integration and its impact on responsible investing in India.

Keywords: Business Responsibility, Sustainability (BRSR); Environmental Social, Governance (ESG); Business Responsibility Report (BRR); Global Reporting Initiative (GRI).

1. Introduction

Sustainability development and climate change are the global issues at present. Development requires large scale utilisation of scarce resources to produce goods and services to maximise gross world welfare. Sustainability report can be considered as equivalent to other types of non-financial reporting. Sustainability report integrates the economic, social, and environmental performances of a corporate. ITC Limited is publishing 'Sustainability Report' since 2004. Other companies issuing sustainability reports include Tata Consumer Products Limited, Reliance Industries Limited, and Dr. Reddy's Laboratories Limited. Being socially responsible means not just full meeting legal expectation but also going beyond compliance by investing more into human capital, the environment, and their relations with stakeholders. The experience with investment

in environmentally responsible technologies and business practices has demonstrated that going beyond basic legal obligations e.g., e social area, e.g., training, working conditions, management-employee relations, can also have a direct impact on productivity."

1.1 Environmental, Social and Governance (ESG) Norms

Corporate business activities are subject to a set of criteria known as environmental, social, and governance norms. Currently, socially aware investors make financial judgments by comparing the proposed assets' actual performances to these ESG standards. Norms help investors choose companies whose values align with their own. CS falls within the larger category of ESG. ESG norm compliance is emphasized by CS. Every component of the ESG standards consists of the following:

Environmental Norms: Environmental norms cover a company's energy, water, waste, and pollution control practices as well as its conservation of natural resources, biodiversity, and adherence to environmental laws and regulations.

Social Norms: Social norms include the ways in which a company manages its relationships with its employees, the health and safety precautions taken for the employees, the satisfaction of customers. With safe and environmentally friendly products, the inclusion of value evaluation criteria for choosing suppliers and matching those values with the corporate values, and community welfare initiatives.

Governance Norms: A company's ability to operate in accordance with the law, moral business conduct, open accounting, impartial auditing, sufficient internal controls, avoiding conflicts of interest when selecting board members, and respect for shareholder rights are all examples of good governance's Reporting Under the Companies Act, 2013 - The Companies (Corporate Social Responsibility Policy) Rules, 2014, has been promulgated to regulate the CSR promulgated to regulate the CSR policies, activities and reporting of the companies. An 'ANNEXURE' has been provided in the said Rule, prescribing a detailed format for the annual report on CSR activities which are to be included in the report of the board of directors of a company.

1.2 Business Responsibility and Sustainability Reporting in India

Companies that generate a GRI report can utilize data to satisfy their regulatory requirements for a Business Responsibility and Sustainability (BRSR) by connecting the GRI Standards to the SEBI BRSR framework. The updated version, created in partnership with the BSE, has undergone a thorough revision process to incorporate the recently established larger scope of SEBI's BRSR as well as the GRI universal standards 2021. By addressing the increasing demands from stakeholders for the disclosure of their sustainability effects, it assists Indian businesses in moving forward with their sustainability reporting journey. The purpose of this revamped linkage document from GRI and BSE is not only to provide a bridging enabler for SEBI's BRSR, but also to ease the process of onboarding a wider trajectory of listed companies in India to take a leap beyond domestic sustainability disclosure requirements, setting a stronger foundation for unlocking true value with all stakeholders."

1.3 Business Responsibility Reporting Under the Securities and Exchange Board of India (Sebi) Regulation

Now, In Clause 34 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015, [Regulation] inter alia provides as under:

Annual Report

34.(1) The listed entity shall submit to the stock exchange and publish on its website-

(a) Under clause 34(1)(a) a copy of the annual report sent to the shareholders along with the notice of the annual general meeting not later

than to the day of commencement of dispatch to its shareholders.

(b) in the event of any changes to the annual report, the revised copy along with the details of and explanation for the changes shall be sent not later than 48 hours after the annual general meeting.

(2) The annual report shall contain the following:

(a) Under clauses 34(2)(f) for the top one thousand listed entities based on market capitalization, business responsibility report describing the initiatives taken by them from an environmental, social and governance perspective, in the format as specified by the Board from time to time it also provides that listed entities other than top one thousand listed companies based on market capitalization and listed entities which have listed their specified securities on SME Exchange, may include this business responsibility reports on a voluntary basis in the format as specified.

Hence, under clauses 34(1)(a) and 34(2)(f) of the Regulation, it has been made mandatory for the top one thousand listed companies to publish annual reports containing 'business responsibility reports' describing the initiatives taken by them from the environmental, social and governance perspectives. Such annual reports must be submitted to the stock exchanges and must be published on the websites of the companies. In the case of other listed companies, publishing of the annual reports containing 'business responsibility reports' is optional.

1.4 Business Responsibility and Sustainability Reporting Under the SEBI Regulation

SEBI has amended Clause 34(2)(f) of the 'Securities and Exchange Board of India Regulations, 2015' vide Gazette Notification dated May 05, 2021 and vide Circular dated May 10, 2021 replaced 'Business Responsibility Report' (BRR) by 'Business Responsibility and Sustainability Report' (BRSR) to report the performance of a corporate on 'Environmental, Society and Governance' (ESG) parameters, because of increased focus of the investors and other stakeholders seeking business to be responsible and sustainable towards the environment and society. This 'Business Responsibility and Sustainability Reporting' has been made mandatory by SEBI for the top one thousand listed companies with effect from the financial year 2022-2023.

Again, based on the recommendation of the ESG Advisory Committee and pursuant to public consultation, vide Circular dated July 12, 2023, SEBI has revised the existing BRSR format and decided to introduce "BRSR Core" and mandated disclosure and assurance (i.e., audit) as per the 'BRSR Core' for the value chain of specified listed companies. This 'BRSR Core' is a subset of the BRSR and consists of a set of key Performance Indicators/Metrics under 9 ESG attributes.

The provision of the 'Securities and Exchange Board of India Regulations, 2015' have been amended vide Gazette Notification dated June 14, 2023 to implement changes. The disclosures as per the revised BRSR format including 'BRSR Core'

are mandated for 1000 listed companies based on the market capitalisation to be calculated as on March 31 of every financial year as part of their Annual Reports from the financial year 2023-2024. However, the reasonable audit of the 'BRSR Core' is mandated in the following staggered manner as shown in the Table Below-

Table 1: BRSR Core Assurance Applicability-Financial Year – Wise Expansion

Financial Year	Applicability of Reasonable Assurance of BRSR Core to Top Listed Companies based on the Market Capitalisation to be Calculated as on March 31 of Every Financial Year.
2023-2024	Top 150 listed companies
2024-2025	Top 250 listed companies
2025-2026	Top five hundred listed companies
2026-2027	Top one thousand listed companies

Source: Dr. Somnath Ghosh; International Accounting; Himalaya Publishing House; ISO 9001: 2015.

As part of its Annual Reports, SEBI has gone one step further and mandated disclosures in accordance with the "BRSR Core" for a given listed company's value chain. The top upstream and downstream partners of a certain listed firm, who together account for 75% of its purchases and sales, are referred to as the value chain in this context. As far as they are related to their operations with a value chain partner, specified listed firms required to disclose the KPIs in the "BRSR Core" for their value chain. This reporting can

be done on an aggregate basis of separate segments for partners upstream and downstream. Starting with the fiscal year 2024–2025, the top 250 listed firms required to provide the ESG disclosures for the value chain in accordance with the aforementioned "BRSR Core," on a comply-or-explain basis. Commencing with the fiscal year 2025–2026, the limited guarantee of such ESG disclosures is required on a comply-or-explain basis. Through the "Master Circular for ESG Rating Providers," dated July 12, 2023, SEBI has additionally mandated the procedural/disclosure requirements and duties for "ESG Rating Providers," making them applicable as of the date of this Master Circular's announcement.

1.4 Some Tips for Improving BRSR Compliance

Senior managers may consider some of the following tips for effective BRSR compliance:

- Start early. Do not wait until the last minute to start implementing BRSR. It takes time to develop and implement a BRSR policy and action plan, and to collect and disclose information on the identified ESG topics.
- Get buy-in from top management. BRSR needs to be supported by top management to be effective. Make sure that top management understands the importance of BRSR and the benefits that it can offer the company.
- Involve stakeholders. Engage with stakeholders throughout the BRSR implementation process. This will help to ensure that the company is reporting on the ESG topics that are most relevant to

stakeholders and that the company's BRSR reporting is transparent and accountable.

- Use a BRSR software solution. There are several BRSR software solutions available that can help companies to automate the BRSR reporting process. This can save companies time and money, and it can help to ensure that the company's BRSR reporting is accurate and complete.
- Seek professional advice. If you need assistance with BRSR implementation or compliance, seek professional advice from a qualified consultant.

1.5 Global Reporting Initiative (GRI)

GRI is a nonprofit organization, and it offers sustainability reporting requirements. It is a global, independent standards body whose purpose is to comprehend and convey those effects. These programs are helpful in quantifying and disclosing the environmental benefits that businesses are providing in exchange for the resources they take from the environment.

Global Reporting Initiative (GRI) produces a sustainability reporting framework that is widely used around the world. GRI guidelines are developed by 1000's of organizations from worldwide with different areas of specialization. These guidelines provide benefits to society for reducing carbon emissions, water use, climate change, preserving resources and transparency to give new insights to figure out the strategy for the future. The world can only hold our trash for a mere one and a half times longer than it can, if we continue to live, breathe, create, abstract, pollute, and consume. This must alter

to a global economy that is sustainable. In addition to the environment, accounting issues like labor practices, human rights, company governance, and accountability for goods and customers are also included.

1.6 GRI Universal Standards

The GRI Standards are structured as a system of interrelated standards that are organized into three series: GRI Universal Standards, GRI Sector Standards, and GRI Topic Standards. The Universal Standards are used by all organizations when reporting in accordance with the GRI Standards. Organizations use the Sector Standards according to the sectors in which they operate, and the Topic Standards according to their list of material topics. The aim of the GRI Sector Standards is to encourage enterprises and to generate higher quality, more accurate and more consistent reporting. The GRI Universal Standards are applicable to all organizations, and consist of the following:

- GRI 1: Foundation 2021 (GRI 1) outlines the purpose of the GRI Standards, clarifies critical concepts, and explains how to use the Standards. It lists the requirements that an organization must comply with to report in accordance with the GRI Standards. It also specifies the principles – such as accuracy, balance, and verifiability – fundamental to good-quality reporting.
- GRI 2: General Disclosures 2021 (GRI 2) contains disclosures relating to details about an organization's structure and reporting practices; activities and workers; governance; strategy; policies; practices; and stakeholder engagement. These give insight into the

organization's profile and scale and help in providing a context for understanding an organization's impacts.

- GRI 3: Material Topics 2021 (GRI 3) explains the steps by which an organization can determine the topics most relevant to its impacts, its material topics, and describes how the Sector Standards used in this process. It also contains disclosures for reporting its list of material topics; the process by which the organization has determined its material topics; and how it manages each topic.

2. Lecture Review

Sustainability reporting has gained global significance, with frameworks like the Global Reporting Initiative (GRI), Sustainability Accounting Standards Board (SASB), and Integrated Reporting (IR) guiding corporate disclosures. However, much of the existing literature on sustainability reporting originates from Western economies, where regulatory frameworks and corporate governance structures differ from those in India.

2.1 Evolution of Business Responsibility Reporting in India

The concept of Business Responsibility Reporting (BRR) was first introduced in India by the Securities and Exchange Board of India (SEBI) in 2012. SEBI's 2012 circular mandated the top 100 listed companies to disclose their non-financial ESG performance, later expanding to the top 500 companies in 2015. Several studies (Yadava & Sinha, 2015; Kumar et al., 2018) have analyzed the early adoption of BRR

among Indian companies and found that compliance varied significantly across industries.

With the introduction of the Business Responsibility and Sustainability Reporting (BRSR) framework in 2021, SEBI reinforced its commitment to transparent sustainability disclosures. BRSR, replacing BRR, aligns India's reporting standards with global ESG frameworks. However, recent research (Debnath, 2022) suggests that Indian firms still face challenges in fully implementing BRSR, such as lack of expertise, inconsistent data collection, and sector-specific regulatory complexities.

2.2 ESG Performance and Corporate Financial Performance

Several studies (Dalal & Thaker, 2019) have examined the relationship between ESG compliance and corporate financial performance in India. Their findings suggest that firms with strong ESG practices tend to exhibit higher financial resilience and investor confidence. However, industry-specific challenges persist, particularly in sectors like banking and IT, where ESG compliance is often limited to governance aspects rather than environmental or social factors.

2.3 Sectoral Variations in BRSR Adoption

Existing literature also highlights significant sector-wise differences in ESG adoption. Ezhilarasi & Kabra (2015) found that companies in high-pollution industries, such as oil and gas or manufacturing, face greater regulatory scrutiny and tend to disclose more environmental data. Conversely, IT and

service-sector firms focus more on governance and social impact reporting.

A gap remains in understanding how BRSR adoption varies across different business models. While some studies (Kumar et al., 2018) have explored ESG disclosures in banking, there is a lack of research on how companies integrate BRSR across their value chains, a critical aspect of the revised SEBI guidelines.

2.4 Need for Standardized BRSR Implementation

One of the major concerns identified in the literature is the lack of standardization in sustainability reporting. Although SEBI has provided a detailed BRSR framework, studies (Debnath, 2022; SEBI, 2023) indicate that companies interpret and implement these guidelines differently. This inconsistency affects comparability and weakens the reliability of sustainability disclosures.

2.5 Contributions of This Study

While previous research has examined ESG adoption in India, few studies have critically evaluated the transition from ESG to BRR and BRR to BRSR. This paper fills this gap by:

- Analysing the top 15 BSE SENSEX companies and their compliance with BRSR Section C's nine principles.
- Evaluating the effectiveness of SEBI's BRSR framework in fostering corporate sustainability.
- Identifying challenges and sectoral variations in BRSR adoption.

- Providing practical recommendations for improving compliance.

Thus, this study contributes to the growing discourse on corporate responsibility and sustainable business practices in India, offering insights into policy improvements, investor decision-making, and corporate governance strategies.

3. Objectives

The objective of the current study are as follows:

- To analyse the global regulatory environment for sustainability reporting as released by the Global Reporting Initiative (GRI).
- To examine the sustainability reporting and business responsibility policies of a selected sample of Indian companies, particularly focusing on the top 15 BSE SENSEX companies for the financial year 2023-2024.

4. Research Methodology

The researcher has adopted exploratory research design to achieve the objectives. For this purpose, 15 companies have been chosen from 30 BSE listed companies. I have chosen these fifteen companies only because they come at top order in terms of capital for the FY 2023-24. To understand the objectives, the researcher has identified the nine principles of BRSR Section (C) through the reviews given by employees and customers of these 15 companies.

- **PRINCIPLE 1.** Businesses should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent and Accountable

- PRINCIPLE 2. Businesses should provide goods and services in a manner that is sustainable and safe.
- PRINCIPLE 3. Businesses should respect and promote the well-being of all employees, including those in their value chains.
- PRINCIPLE 4. Businesses should respect the interests of and be responsive to all its stakeholders.
- PRINCIPLE 5. Businesses should respect and promote human rights.
- PRINCIPLE 6. Businesses should respect and make efforts to protect and restore the environment.
- PRINCIPLE 7. Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent.

- PRINCIPLE 8. Businesses should promote inclusive growth and equitable development.
- PRINCIPLE 9. Businesses should engage with and provide value to their consumers in a responsible manner.

5. Data Collection

SEBI guidelines and framework of Business Responsibility and Sustainability Reporting is collected from the SEBI's website and BRSR reports, data collected from the website of respective companies for the financial year 2023-24. As the table shown below-

Table 1.1- Business Responsibility and Sustainability Practices of Major Companies

SL	Company	Industry	Ethics, Transparency and Accountability	Safe and sustainable goods and services	Employee Well-Being	Respect towards all stakeholders	Human Rights	Respect and efforts to restore the environment	Responsible engagement in public and regulatory policy	Inclusive growth and equitable development	Value to the customers and consumers in a responsible manner
1	Reliance Ind	Integrated Oil & Gas	1	1	1	1	1	1	1	1	1
2	HDFC Bank	Bank	1	1	0	0	0	1	0	1	1
3	ICICI Bank	Bank	1	1	0	0	0	1	1	1	1
4	Infoeye	IT Consulting & Software	1	0	1	1	1	0	1	1	0
5	HDFC	Personal Products	0	1	1	1	1	0	1	1	1
6	TCS	IT Consulting & Software	1	1	1	1	1	1	1	1	1
7	Kotak Mahindra Bank	Bank	1	1	0	0	1	1	1	1	0
8	ITC	Cigarettes, Tobacco Products	1	1	1	1	0	0	0	1	0
9	HINDUSTAN UNI	Housing Finance	1	1	1	1	1	1	1	1	1
10	Larsen & Toubro	Construction & Engineering	1	1	1	1	1	0	1	1	1
11	State Bank of India	Bank	1	1	1	1	1	1	1	1	1
12	Axle Bank	Bank	1	1	1	1	1	1	0	1	1
13	Beja Finance	Holding Companies	1	1	1	1	1	1	1	1	1
14	Bharti Airtel	Telecom Services	1	1	1	1	1	1	1	1	1
15	Arian Paints	Furniture, Furnishing, Paints	1	0	0	1	1	0	1		1

Source: Self developed table.

6. Data Analysis

This table presents an analysis of Business Responsibility and Sustainability Reporting (BRSR) compliance for the top fifteen companies in the BSE SENSEX (FY 2023-24), focusing on nine ESG principles:

•High Compliance Across All Principles:

Reliance Industries, TCS, Hindustan Unilever, State Bank of India, Bajaj Finance, and Bharti Airtel achieved full compliance (1 across all metrics), demonstrating leadership in integrating ESG principles.

•Areas of Weakness:

Employee Well-being: Several banks (HDFC Bank, ICICI Bank, Kotak Mahindra Bank) and Asian Paints scored zero in this area, indicating room for improvement in employee-related practices.

•Environmental Responsibility: Companies like ITC and Infosys show gaps in their efforts to restore the environment, scoring zero in this area.

•Governance and Accountability:

Most companies scored highly in ethics, transparency, and accountability, signifying strong governance practices across industries.

•Industry Trends:

Banks: Mixed performance with strong governance but weaker scores in employee well-being and inclusive growth.

•IT Consulting & Software: High scores in most categories, but Infosys lacks environmental focus.

•Consumer Goods and Manufacturing: Companies like HDFC and Asian Paints display uneven compliance, suggesting selective focus on ESG aspects.

•Inclusive Growth and Customer Responsibility:

Most companies scored well, reflecting a focus on equitable development and consumer welfare.

•Industry leaders like TCS and Reliance Industries set benchmarks in ESG compliance.

•Consistent weaknesses in specific areas, such as employee well-being and environmental restoration, highlight opportunities for targeted improvement.

•Sector-specific challenges require tailored strategies for enhancing sustainability and governance practices.

7.Conclusion, Limitations and Future Directions

7.1Conclusion

The study highlights the increasing emphasis on Environmental, Social, and Governance (ESG) standards in corporate reporting. BRSR aims to integrate these standards into Indian corporate practices, ensuring transparency and accountability. The shift from traditional financial reporting to incorporating sustainability and responsibility reflects a significant step forward for Indian businesses. The paper serves as a critical resource for understanding the current state and future trajectory of business responsibility and sustainability reporting in India. It provides actionable insights for policymakers, corporations, and researchers aiming to enhance ESG practices in line with global standards.

7.2 Limitations

•**Implementation Complexity:** Adopting BRSR frameworks requires significant changes in business operations and reporting practices, which can be resource intensive.

•**Stakeholder Engagement:** Ensuring participation from all stakeholders in ESG initiatives is challenging.

•**Regulatory Compliance:** The evolving regulatory landscape demands continuous adaptation.

•**Data Collection:** Gathering accurate and comprehensive data on ESG metrics poses difficulties.

7.3 Future Directions

•**Improved Guidelines:** Refining the SEBI guidelines to address sector-specific challenges can aid in smoother adoption.

•**Capacity Building:** Providing training and resources to businesses for effective BRSR implementation.

•**Technological Integration:** Utilizing advanced technologies for data collection, analysis, and reporting.

•**Global Alignment:** Aligning BRSR practices with international standards to enhance competitiveness and attract global investors.

References:

SEBI (2012), "Business responsibility reports" http://www.sebi.gov.in/legal/circulars/2012/Business-responsibility-reports_23245.html

Ezhilarasi, G., and Kabra, K., (2015), Determinants of Environmental Disclosures Practices by Most Polluting Industries in India, 4th

International Conference on Emerging Trends in Finance & Accounting. ISBN: 978-93-83302-09-3

Dr. Somnath Ghosh; International Accounting; Himalaya Publishing House; ISO 9001: 2015.

R. N. Yadava and B. Sinha, "Scoring Sustainability Reports Using GRI 2011 Guidelines for

Assessing Environmental, Economic, and Social Dimensions of Leading Public and Private Indian companies, journal of Business Ethics, Vol. 138, no. 3, pp. 549-558, available at:

<https://philpapers.org/rec/YADSS>

R. Kumar, N. Pande, and S. Afreen, developing a GRI-G4-based persuasive communication.

framework for sustainability reporting (SR): Examining top 10 Indian banks, = International Journal of Emerging Markets, 2018.

K. K. Dalal and N. Thaker, "ESG and corporate financial perform A panel study of Indian companies, UP Journal of Corporate Governance, Vol. 18, no. 1, pp. 44-59, 2019.

Pranesh Debnath, "Business Responsibility and sustainability Reporting: A way forward for Indian Corporate Disclosure, 2022; DOI: 10.26703/JCT.v1712-5.

SEBI (2023), "Business responsibility and sustainability reporting by listed entities" available at: <https://www.sebi.gov.in/legal/circulars/may-2023/business-responsibility-and-sustainability->

reporting- by-listed-entities-
50096.html.

Web Links

<https://economictimes.indiatimes.com/markets/stocks/news/sebi-comes-out-with-disclosure-requirementsunderbusiness-responsibility-and-sustainability-report/articleshow/82533681.cms>
<http://www.lawstreetindia.com/experts/column?sid=458>
<https://taxguru.in/chartered-accountant/business-responsibility-sustainability-reporting-brsr-overview.html>
<https://www.drishtiias.com/daily-updates/daily-news-analysis/business-responsibility-and-sustainability->