

BRSR Reporting and the Evolving ESG Landscape in India

SEBI introduced the Business Responsibility and Sustainability Report (BRSR) in 2021. Drawing upon a comprehensive examination of the BRSR's architecture, key requirements thereof, and an analysis of preliminary compliance data in the first cycle (FY 2022-23), this paper appraises the major challenges involved in its adoption and also strategic imperatives for global harmony, by taking into account incipient standards being issued under the aegis of ISSB. The BRSR is also driving India towards becoming a global exemplar for robust sustainability regulation, with the inherent caveat of managing regulatory complexity and data quality.



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INTRODUCTION: FROM PHILANTHROPY TO PERFORMANCE

Over the past 10 years, sustainability has firmly moved from a niche CSR activity to being one of the key strategic enablers of enterprise risk management across major corporates worldwide¹. The ascent of ESG (Environmental, Social, and Governance) considerations has shaped the nature of how companies communicate long-term value, what investors consider in capital allocation decisions and the way policymakers construct policies². In India, it came to a significant point with Business Responsibility and Sustainability Report (BRSR) framework released by the Securities and Exchange Board of India (SEBI)³.

The BRSR, which has been made compulsory for the top 1,000 listed companies by market capitalization from financial year 2022–23, heralds a significant regulatory change⁴. It replaces the earlier Business Responsibility Report (BRR) which was widely panned as a qualitative measure and emphasized on charitable spending rather than moulding sustainability risks in mainstream business strategy. The BRSR is, on the other hand, is a robust, principle-based and performance-operative system that aims to deliver granular quantitative comparable data.

This paper provides a timely assessment of the BRSR framework, its most recent regulatory add-ons (the BRSR Core and Value Chain Disclosures) and the implications these have for Indian companies preparing to respond to a converging global reporting landscape consisting both in the new EU Corporate Sustainability Reporting Directive (CSRD), as well as ISSB's IFRS S1 and S2 standards.

BRSR'S GENESIS: FILLING THE DISCLOSURE GAP

The road to the BRSR began in 2012 with a mandatory BRR for the top 100 listed entities according to the voluntary NVGs. As a first milestone, the BRR had two limitations:

- **Immateriality:** It highlighted general disclosures and charity spending without linking ESG causes to financial performance or critical business risks.
- **Lack of comparability:** The filings did not include any standardized quantitative metrics that would enable investors to compare performance among companies and types of business.

Appreciating the growing demand from global investors for consistent data with international frameworks such as GRI (Global Reporting Initiative), SASB (Sustainability Accounting Standards Board), TCFD (Task Force on Climate-related Financial Disclosures,) etc., SEBI introduced BRSR in May 2021. The transition was based on three main goals:

- **Normalisation:** To apply a consistent look and format to disclosures.
- **Measures:** To make the switch from telling to counting in terms of KPIs.

¹ KPMG. Survey of Sustainability Reporting 2024 – The move to mandatory reporting. (2024). <https://assets.kpmg.com/content/dam/kpmgsites/in/pdf/2024/11/the-move-to-mandatory-reporting-report.pdf> KPMG Assets

² KPMG. On the 2024 ESG Agenda. (2024). <https://assets.kpmg.com/content/dam/kpmgsites/in/pdf/2024/03/on-the-2024-esg-agenda.pdf> KPMG Assets

³ SEBI. Guidance Note for Business Responsibility & Sustainability Reporting. (2021). https://www.sebi.gov.in/sebi_data/commndocs/may-2021/Business%20responsibility%20and%20sustainability%20reporting%20by%20listed%20entitiesAnnexure2_p.PDF Securities and Exchange Board of India

⁴ SEBI. BRSR Core – Framework for assurance and ESG disclosures for value chain. (2023). SEBI Circular No. SEBI/HO/CFD/CFD-SEC-2/P/CIR/2023/122. https://www.sebi.gov.in/legal/circulars/jul-2023/brsr-core-framework-for-assurance-and-esg-disclosures-for-value-chain_73854.html Securities and Exchange Board of India

- **Integration:** To consolidate a sustainability report with the Annual Report, placing it on par with financial information.

The regulatory compliance rollout was incremental: voluntary application in FY 2021-22, and mandated for the top 1,000 listed entities from FY 2022-23.

DECONSTRUCTING THE BRSR ARCHITECTURE

The BRSR format is carefully arranged into three broad sections from general index details to comprehensive performance indicators:

Section A: General Disclosures

This part introduces the profile of the entity in terms of size, operations, number of facilities and employees. Importantly, it requires disclosure on ESG issues that are material to responsible business conduct; companies will have to explain any ESG areas that pose significant risks or opportunities to their business as well as the related rationale and mitigation strategy. It positions the framework in accordance with the fundamental idea of materiality.

Section B: Management and Process Disclosures

This relates to the governance, which explains how the organizations implement their responsible business policy. It also seeks to know whether a policy covers each of the nine principles of National Guidelines on Responsible Business Conduct (NGRBCs), if the policy is approved by the Board, and if there is any specialized Committee of the Board that is monitoring sustainability issues. This is the Governance element of ESG and provides rigorous accountability.

Section C: Principle-wise Performance Disclosures

This is the essence of the BRSR—it compels detailed reporting under the nine NGRBC principles. There are two types of disclosures:

1. **Core Indicators (Required):** These 98 indicators be used to set the minimum compliance base in each principle. This could be the percentage of R&D spend invested in sustainable products, total energy (by source) consumed, or turnover rate among employees.
2. **Leadership Indicators (Voluntary):** These 42 indicators enable companies to highlight advanced, aspirational practices that exceed minimum requirements. The 7 Key disclosures covered by leadership; Scope 3 (value chain) GHG emissions, Life cycle assessment of products, social impact assessments. Companies that show sophistication in such areas are indicative of future strategic vision and pull in sustainable capitals.

THE KEY AUGMENTATIONS: BRSR CORE, ASSURANCE AND VALUE CHAIN

To increase the trustworthiness, comparability and depth of the framework, SEBI added three significant augmentations in July 2023 with subsequent recalibrations in the end of 2024 and early 2025.

• The BRSR Core: Creating a Benchmark of Trust

BRSR Core is a minimal set of very standardised KPIs developed from the full BRSR format. Core aims to create a rock-solid foundation of quality data where the most important Environmental, Social and Governance (ESG) parameters – such as Scope 1 & 2 GHG emissions, total water withdrawal, diversity or staff well-being data are reported in a stable-set way from one reporting entity to another reporting entity.

This slimmed-down set of disclosures is not a substitute for the full BRSR, but rather an obligatory minimum numerically equivalent to (but distinctly below) another threshold requiring a higher level of diligence in verification. The Core has been developed in a manner that provides for comparability and the trustworthiness of the most material metrics.

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• Mandatory Assurance and Combating Greenwashing

SEBI made a gradual progression to 'reasonable assurance' on the BRSR Core metrics. The next highest level of assurance is reasonable assurance (high but not absolute confidence) in which the assurance provider (often a professional auditor) must provide a positive statement indicating that the data being reported on is reasonably accurate and reliable.⁵

To begin with, the move to this will be gradual in nature and top 150 companies (by market capitalisation) during FY 2023-24 would adopt this; it would be applicable across all top 1000 companies by FY 2026-27⁶. This requirement is a direct impactor to fighting greenwashing—selectively revealing positive ESG results and suppressing the negative. The external assurance requirement is where SEBI is elevating the credibility of sustainability disclosures to be on par with financial reporting which will go a long way in maintaining investor confidence. It also explicitly states that assurance providers should have the appropriate expertise and not have conflicts of interest with the reporting entity.⁷

5. SEBI / Industry Standards Note, Industry Standards Note on BRSR (with Annexure). (n.d.). <https://nsearchives.nseindia.com/web/sites/default/files/inline-files/Industry%20Standards%20Note%20on%20BRSR%20with%20Annexure.pdf> NSE India Search Archives

6. KPMG, First Notes: SEBI introduces certain key changes in BRSR reporting. (2025). <https://assets.kpmg.com/content/dam/kpmgsites/in/pdf/2025/01/firstnotes-sebi-introduces-certain-key-changes-in-brsr-reporting.pdf> KPMG Assets+1

7. Sarthak Law, ESG Disclosures, BRSR Core Assessment / Assurance, and Green Credit Disclosures. (n.d.). <https://sarthaklaw.com/sebi-update-esg-disclosures-brsr-core-assessment-assurance-and-green-credit-disclosures/> Sarthak Law

• Expanding Accountability: Value Chain Disclosures

Acknowledging that the actual environmental and social footprint of a company is often outside its direct operational perimeter (i.e., its supply chain), SEBI brought in mandatory ESG disclosures for a company's value chain.

In the case of a listed entity, chain refers to your top upstream (supplier) and/or downstream (distributor/customer) partners representing 75% of purchases/sales. The reporting listed entity must provide the BRSR Core KPIs for these partners insofar as it concerns data that is attributable to its business relationship with them.

This mandate is transformational for two reasons:

1. **Scope 3 Emissions:** It requires companies to measure their greatest indirect impacts on the environment, largely associated with the supply chain (Scope 3 GHG emissions).
2. **Incorporation of MSMEs:** By design, it successfully lures Micro, Small and Medium Enterprises (MSMEs) largely ruling Indian economy to ESG reporting⁸.

But acknowledging the sheer magnitude of collecting data across a fragmented, and often informal or unorganised MSME⁹ sector (that was sprayed by demonetisation), the capital market regulator had postponed enforcing the compulsory disclosure on the value chain to FY 2025-26 (as per its circular dated March 2025) giving companies time to scale up capacity, systems and processes.

PRELIMINARY ASSESSMENT: STRENGTHS AND NEEDS (FY 22–23)

The mandatory BRSR compliance requirement of the top 1,000 companies for FY 2022–23 provided critical glimpses into corporate India's preparedness. Examination of posted reports upwards of 1,000 in number indicated that there were some very distinctive patterns across the adoption curve.

1. Areas of Relative Strength

The areas where companies showed better disclosure and maturity were the ones for which data collection was largely internal or frameworks existed at a global level.

- ♦ **Principle 3 (Well-being of employees):** High-degree-reporting on such hard metrics as mandatory employee benefits, training, health and safety – indicates that the HR “house” is in good order.

⁸ India Briefing. BRSR Core & ESG disclosures in India: Key changes to ESG disclosures. (n.d.). <https://www.india-briefing.com/news/brsr-reporting-in-india-key-changes-to-esg-disclosures-introduced-by-sebi-36261.html> India Briefing

⁹ India Briefing. BRSR Core & ESG disclosures in India: Key changes to ESG disclosures. (n.d.). <https://www.india-briefing.com/news/brsr-reporting-in-india-key-changes-to-esg-disclosures-introduced-by-sebi-36261.html> India Briefing

- ♦ **Principle 4 (Stakeholder Responsiveness) & Principle 9 (Customer Value):** Good disclosures on the customer grievance mechanisms, data privacy and Stakeholder engagement processes.
- ♦ **Principle 5 (Human Right):** Reporting of training on human rights and compliance with minimum wage was broadly adequate.

2. Persistent Gaps and Challenges

Major strengths were found in domains requiring advanced external data process, strategic system integration, or external advocacy:

- ♦ **Principle 6 (Reporting of Environmental Information):** Even if the average compliance with data disclosure of Scope 1 and 2 emissions was satisfied, witnessing that the Scope 3 (Value Chain) emissions reporting still seemed rather low, in line with its voluntary Leadership Indicator condition. Similarly, more transparency is required for detailed water withdrawal from water-stressed areas and waste management claims.
- ♦ **Value Chain:** The complexity of Principle 8 issues (that is, pushing for inclusive and equitable growth) was difficult to address, closely related as they are with value chain impact – it was one of the areas where securing data from smaller partners remained hard.
- ♦ **Principle 1 (Governance/Ethics) & Principle 7 (Public Policy):** Poor reporting on, for example practices of anti-competitive behaviour, lobbying and deep governance structures specifically around sustainability has led to under-reporting in these areas and therefore greater board oversight and advocacy clarity is needed.

The general message from the first cycle is that Indian companies display relatively good evidence to report internal social metrics, but also receive a wake-up call toward quantification of the complex environmental risks and external value chain impacts.

IMPLEMENTATION CHALLENGES AND MITIGATION STRATEGIES

A policy version of the BRSR framework is challenging, especially in the Indian business context, which consists of a variety of corporate forms.

1. The Data and Digital Divide

There are many mid-sized and traditional manufacturers that continue to collate ESG data across multi-site operations manually (spreadsheets, paper records). Such digital unpreparedness is a significant obstacle for assurance due to the low quality, inconsistency and auditability of data.



- ♦ **Mitigation:** Firms need to spend on integrated and EHS-specific digital ESG platforms. These tools automate data pulling, calculation of complex metrics (e.g. emissions intensity), mapping the inputs to multiply frameworks (BRSR, GRI, ISSB) and relieving manual fatigue in order to increase audit readiness.

2. Value Chain Integration and MSME Capability

The biggest operational challenge is to capture reliable, auditable data from the value chain partners, which include many MSMEs who do not have resources or knowledge or systems to report ESG parameters.

- ♦ **Mitigation:** The challenge for the first and biggest companies is to become hubris-free. This includes supplying their major suppliers with digital tools, training and standardized data templates. The relationship should evolve from a contractual obligation to a joint cooperation partnership understanding that shared sustainability performance is a mutual source of competitive advantage.

3. Cost of Compliance and Skills Gap

BRSR readiness can result in significant investment, including new data systems and external consulting and assurance costs. And the need for such specialized talent — ESG risk managers, sustainability auditors, and climate modelers — now outpaces supply, driving up costs and leaving companies without much of what they need to report on their own operations.

- ♦ **Mitigation:** Organizations should begin conducting materiality assessments to help strategically rank the disclosures that will provide the most strategic value and where to focus investment. At the same time, they need to invest

in upskilling their existing finance and internal audit teams in or into “integrated reporting professionals”, those who have financial plus sustainability countenances.

GLOBAL CONVERGENCE: BRSR AND THE ISSB GUIDELINES

The BRSR’s success will be measured against how well it aligns with the emerging global baseline for sustainability reporting, namely the standards from the International Sustainability Standards Board (ISSB) – IFRS S1 (General Requirements) and IFRS S2 (Climate-related Disclosures).

1. BRSR vs. ISSB: Two Materiality Perspectives

The distinction, however, is based on the idea of materiality:

- ♦ **BRSR:** is quite consistent with the notion of “double materiality” demanding that it is disclosed how the company impact planet and people (impact materiality) and by what risks/opportunities this might affect enterprise value of a company (financial materiality).
- ♦ **ISSB (IFRS S1 & S2):** is solely based on “single materiality” or “financial materiality,” which refers to the provision of sustainability-related information that would be material to an investor in their consideration of a company’s enterprise value¹⁰. Among others, IFRS S2 addresses climate risks as it duplicates TCFD’s contents (Governance/Strategy/Risk Management/Metrics Targets).

¹⁰. Asset / SEBI Master Circular update. Regulatory updates related to BRSR and LODR changes. (2025). <https://assets.kpmg.com/content/dam/kpmgsites/in/pdf/2025/01/chapter-3-regulatory-updates-january-2025.pdf> KPMG Assets

2. India's Path to Alignment

Nevertheless, India's regulatory journey is clearly towards convergence. SEBI is one of the members at IOSCO and it is observed that ISSB were accepted as global standards by IOSCO.

Emerging regulatory newsflow (in late 2024 and early 2025) suggests that SEBI has formed a research team to consider the BRSR with a view to adding required elements for adoption of some key disclosures included within ISSB. This is merging through and not replacing it.

- ◆ Rather than replacing BRSR, SEBI is expected to incorporate financially material ISSB metrics (e.g. further granular climate scenario analysis, disclosure of transition plans and evidence of risk management for climate) directly into the BRSR framework – possibly as mandatory additional elements of the BRSR Core or a new set of essential indicators.
- ◆ This way, India keeps its unique, local community domestic governance-and-social tack (the BRSR's ace in the hole) against globally standardised needs of financial investors for enterprise-value-centric climate-and-sustainability information.

This would allow Indian companies to satisfy domestic regulations and Foreign Institutional Investors (FIIs) in one go by harmonising cross-border reporting, resulting in better access to global sustainable finance.

STRATEGIC IMPLICATIONS AND CONCLUSION

While the Business Responsibility and Sustainability Report marks a deep and irreversible inflection in India's corporate history, the strategic consequences run throughout governance, risk, and finance:

- **Raising Governance:** BRSR has effectively moved ESG ownership out of the CSR box and into the Boardroom forcing sustainability to be a company-wide mandated strategic leadership item.
- **Risk Mitigation:** The framework compels companies to detect, quantify and disclose risks related to climate, environmental, and social factors—turning what could be potential risks into measures that can be tracked by investors.
- **Access to Sustainable Capital:** Indian companies will therefore establish a competitive lead in accessing sustainable finance (which is increasingly driven by investors using ISSB-aligned screens) because they are providing standardised, assured and comparable data via the BRSR Core.

In summary, the BRSR is a well-crafted regulatory intervention that is expected to be an effective trigger for corporate change. It is thorough, serious and forward-looking, combining India's distinctive social context with the best practices from around the world. The immediate challenges of data infrastructure, value chain integration and talent are hard, but developing the BRSR Core

assurance to actively aiming for ISSB alignment means that SEBI is stubbornly pushing for a governance framework which is not only compliant but globally competitive. In an increasingly integrated global economy, while India consolidates its place among the world's leading economies, the BRSR will be a crucial enabler to ensure that growth is inclusive, responsible and genuinely sustainable.

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