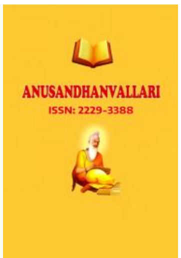

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Corporate Accountability and Climate Governance through the lens of Global Reporting Frameworks

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Abstract: This paper explores corporate accountability and climate governance through the lens of global reporting frameworks, emphasizing the pivotal role these frameworks play in promoting transparency, sustainability, and responsible business practices worldwide. The Global Reporting Initiative (GRI), as a leading framework, sets comprehensive standards for organizations to disclose their environmental, social, and governance (ESG) impacts, particularly emphasizing climate-related reporting. New standards focusing on climate change and energy empower companies to disclose emissions, decarbonisation efforts, and energy management aligned with authoritative climate science and international agreements such as the Paris Accord. The study analyzes how robust sustainability reporting frameworks foster stakeholder trust, guide strategic corporate behavior, and support policy development essential for addressing global climate challenges. It also discusses challenges of inconsistent disclosures, greenwashing, and the evolving convergence of ESG standards for improved comparability and accountability. The research highlights emerging trends such as integration with financial reporting standards, the growing role of technology and data analytics in ESG disclosure, and the critical need for governance structures that embed climate responsibility at the highest organizational levels. Through a comprehensive review, the paper underscores the significance of global reporting frameworks in driving corporate climate action, enhancing the quality of climate governance, and advancing sustainable development goals. These insights serve as a guide for policymakers, businesses, and stakeholders seeking to align corporate accountability with climate resilience imperatives in an increasingly interconnected global economy.
Keywords: Corporate Accountability, Climate Governance, Global Reporting Initiative, ESG Reporting, Sustainability Standards, Climate Change Disclosure, Stakeholder Engagement, Transparency, Sustainable Development Goals

Introduction

In today's dynamic business environment, showcasing an organization's dedication to sustainability, social responsibility, and ethical governance has become essential for maintaining corporate legitimacy and achieving lasting success. The global movement toward responsible corporate behavior is reflected in the increasing adoption of Environmental, Social, and Governance (ESG) reporting frameworks, which enable companies to evaluate, manage, and transparently communicate their sustainability and ethical performance. These frameworks function not only as regulatory mechanisms but also as means to build stakeholder confidence and align corporate objectives with broader societal and environmental priorities.

The call for sustainability compliance transcends geographical boundaries and has become a global imperative for businesses across various industries and sectors. The essence of this compliance lies in the acknowledgment that corporate prosperity should be in harmony with the well-being of society and the environment. In response to this growing global consciousness, numerous ESG reporting frameworks have emerged, each with the aim of nurturing sustainability, supporting meaningful engagement with stakeholders, and facilitating the measurement of societal and environmental impact.[1]

India's progress in integrating ESG principles—particularly through the Business Responsibility and Sustainability Reporting (BRSR) framework—demonstrates its dedication to strengthening corporate accountability and ethical business practices. Introduced by the Ministry of Corporate Affairs (MCA) and made mandatory by the Securities and Exchange Board of India (SEBI), the BRSR framework has redefined how Indian enterprises understand and implement ESG goals, serving as a driving force for responsible governance and environmental consciousness.

This research undertakes an extensive evaluation of ESG reporting frameworks, focusing specifically on India's BRSR mechanism. It traces the evolution and underlying purpose of ESG reporting, provides a detailed analysis of BRSR compliance requirements, compares the BRSR with the Global Reporting Initiative (GRI) standards, and assesses the broader implications of sustainability reporting on corporate behavior and societal outcomes. The study concludes with synthesized insights and recommendations drawn from contemporary literature to inform the future direction of responsible corporate governance.

Research Problem

Despite the increasing prominence and regulatory emphasis on Environmental, Social, and Governance (ESG) reporting frameworks such as the Business Responsibility and Sustainability Report (BRSR), Global Reporting Initiative (GRI), and Integrated Reporting (IR), there exists a significant gap in understanding their comparative effectiveness, adaptability, and real-world impact within the Indian corporate context and globally. Current research predominantly emphasizes isolated frameworks or specific industry sectors, lacking a comprehensive holistic evaluation of how these frameworks interact, complement, or compete across diverse regulatory regimes and socio-economic environments. Moreover, the accelerating integration of emerging technologies like artificial intelligence and data analytics in ESG disclosures has not been sufficiently explored for its potential to enhance transparency, accuracy, and comparability. There is also limited insight into the evolving role and future trajectory of indigenous frameworks like BRSR amid global standardization efforts, alongside the practical challenges organizations face in embedding these reporting standards into their operations. Addressing these multifaceted gaps is essential to develop an integrated, evidence-based understanding that can guide policymakers, regulators, and businesses in fostering more robust ESG compliance, enhanced corporate sustainability, and positive societal outcomes.

Research Objectives

1. To investigate the purpose, evolution, and significance of ESG reporting frameworks with a focus on the Business Responsibility and Sustainability Report (BRSR).
2. To examine the historical development and key regulatory milestones of ESG reporting in India and globally.
3. To analyze the background, structure, and alignment of BRSR with national responsible business conduct principles.
4. To conduct a comparative assessment of BRSR against previous Indian and international ESG frameworks.
5. To assess the impact of ESG reporting on corporate behavior, investment, and societal well-being, and provide suggestions for enhancing ESG compliance.

Hypothesis

The effective implementation of ESG reporting frameworks, such as the Business Responsibility and Sustainability Report (BRSR), Global Reporting Initiative (GRI), and Integrated Reporting (IR), positively

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[1] Mgbame, C., Aderin, A., Ohalehi, P., & Chijoke-Mgbame, A. (2020). Achieving Sustainability through Environmental Social Governance Reporting: Overcoming the Challenges. https://doi.org/10.1108/s1479-359820200000009002. Visited on 3 November 2023

influences corporate sustainability practices, enhances transparency, and contributes to societal well-being in India and globally.

Scope and Limitation

The research addresses the growing importance of ESG reporting frameworks globally and in India, with a particular focus on the Business Responsibility and Sustainability Report (BRSR). It highlights the evolution of ESG reporting, tracing key regulatory developments and the increasing demand for transparency and accountability. The study provides an in-depth analysis of the BRSR framework, its structure, and its alignment with national responsible business principles. A comparative assessment of BRSR against other global frameworks evaluates their effectiveness in guiding sustainable corporate practices. The research also investigates the impact of ESG reporting on corporate behavior, investment decisions, and societal welfare, while offering practical recommendations to enhance ESG compliance and reporting standards amidst evolving regulatory landscapes.

Research Methodology

This research is largely interpretive and critical in nature for which the researcher has used secondary sources i.e., Books, Journal Articles, Cases and Online articles and hence is doctrinal in nature. The researcher opted for this research methodology as the topic focuses more on interpreting the standing legislation and frameworks and critically analysing them for which doctrinal method is appropriate.

Review of Literature

Gehman (2011)[2] traces the development of the Global Reporting Initiative (GRI) from its inception, underscoring its evolution as a foundational framework for sustainability reporting and its influence on corporate transparency and accountability worldwide.

Mathivanan and Kasilingam (2020)[3] investigate how regulations on sustainability reporting have become a significant global force influencing business practices in India. Their study highlights the dual impact of mandatory and voluntary reporting regimes on Indian enterprises, noting varied adoption levels across industries influenced by factors such as company size and market presence. The research underscores progress in Indian corporate sustainability disclosures, while also identifying persistent gaps in the quality and comprehensiveness of reported information.

Mgbame et al. (2020)[4] explore the challenges in ESG reporting and emphasize overcoming barriers to achieve sustainability goals, highlighting the critical role of transparency and stakeholder engagement in enhancing report quality.

[2] Gutterman, A. (2021). Sustainability Reporting Frameworks. SSRN Electronic Journal. https://doi.org/10.2139/SSRN.3809288.visited on 3 November 2023

[3] Mathivanan, P., & Kasilingam, R. (2020). Regulations on sustainability reporting as a global force in shaping business enterprises: evidence from India. International Journal of Intelligent Enterprise.

[4] Mgbame, C., Aderin, A., Ohalehi, P., & Chijoke-Mgbame, A. (2020). Achieving Sustainability through Environmental Social Governance Reporting: Overcoming the Challenges. https://doi.org/10.1108/s1479-359820200000009002. visited on 3 November 2023

Oncioiu et al. (2020)[5] investigate the relationship between corporate sustainability reporting and financial performance, concluding that effective ESG disclosures positively influence firms' economic outcomes and stakeholder trust.

Banerjee (2022)[6] examines the dynamics of sustainability reporting in India, focusing on the emerging significance of the Business Responsibility and Sustainability Report (BRSR) framework and its alignment with national governance principles.

Evolution of Sustainability Reporting in India

The Business Responsibility and Sustainability Reporting (BRSR) framework is a significant milestone in India's journey towards promoting corporate responsibility and sustainability. This framework, introduced by the Securities and Exchange Board of India (SEBI), has played a pivotal role in enhancing transparency and accountability among Indian companies. The history of BRSR is a story of evolution, adaptation, and the recognition of the critical role that businesses play in society. In 2009, the Ministry of Corporate Affairs (MCA) in India took a significant step toward promoting the concept of corporate social responsibility by issuing the 'Voluntary Guidelines on Corporate Social Responsibility'. This initiative aimed to integrate the principles of business responsibility into corporate practices.

In June 2011, India endorsed the United Nations Guiding Principles on Business and Human Rights (UNGPs) when the United Nations Human Rights Council (UNHRC) adopted them.[7] This signified India's commitment to upholding human rights in business operations. During the same period, the MCA introduced the 'National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business, 2011' (NVGs). The development of these guidelines was a collaborative effort involving extensive consultations with various stakeholders, including businesses, academia, civil society organizations, and the government. The NVGs included a framework for Business Responsibility Reporting.[8]

In 2012, SEBI mandated that the top 100 listed companies by market capitalization submit Business Responsibility Reports (BRR) as part of their Listing Agreement. These reports aimed to encourage companies to engage more effectively with their stakeholders, moving beyond mere financial compliance to report on their social and environmental impacts. Subsequently, this requirement was extended to the top 500 listed companies by market capitalization starting from the financial year 2015-16.[9]

In 2018, during the NVGs' revision process, it was determined that the SEBI-BRR framework should also be revised to align with changes made in the core document. The Secretary of Corporate Affairs formed a committee, chaired by the Joint Secretary of MCA, responsible for developing Business Responsibility Reporting (BRR)

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[5] Oncioiu, I., Petrescu, A., Bîlcan, F., Petrescu, M., Popescu, D., & Anghel, E. (2020). Corporate Sustainability Reporting and Financial Performance. Sustainability, 12, 4297. https://doi.org/10.3390/su12104297. visited on 3 November 2023

[6] Banerjee, D. (2022). Dynamics in Accounting: An Exploration of Sustainability with Special Reference to Business Responsibility and Sustainability Report (BRSR) in India. Journal of Academic Advancement. https://doi.org/10.58574/jaa.2022.v1.i1.03. visited on 3 November 2023

[7] Gutterman, A. (2021). Sustainability Reporting Frameworks. SSRN Electronic Journal. https://doi.org/10.2139/SSRN.3809288. visited on 3 November 2023

[8] Zenkina, I. (2023). Ensuring the transparency of ESG reporting based on the development of its standardization. E3S Web of Conferences. https://doi.org/10.1051/e3sconf/202337105077. visited on 3 November 2023

[9] Banerjee, D. (2022). Dynamics in Accounting: An Exploration of Sustainability with Special Reference to Business Responsibility and Sustainability Report (BRSR) in India. Journal of Academic Advancement. https://doi.org/10.58574/jaa.2022.v1.i1.03. visited on 3 November 2023

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formats applicable to both listed and unlisted companies. In 2019, the NVGs underwent an update and were rebranded as the 'National Guidelines for Responsible Business Conduct' (NGRBCs) and SEBI further expanded the BRR requirement to include the top 1000 listed companies by market capitalization, effective from the financial year 2019-20.

To further the process of updating and formulating the National Guidelines on Business Responsibility and Conduct (NGRBCs), the Ministry of Corporate Affairs established a dedicated 'Committee on Business Responsibility Reporting'. This committee was tasked with developing new reporting formats for Business Responsibility Reporting (BRR) that would apply to both listed and unlisted companies. In their report, the Committee proposed the introduction of a novel reporting framework termed the Business Responsibility and Sustainability Report (BRSR). This new framework was designed to better encompass the purpose and scope of reporting on non-financial parameters. To provide flexibility, the Committee recommended two distinct formats for disclosures: a Comprehensive format and a Lite version.

In addition to this, the Committee underscored that the implementation of these reporting requirements should be undertaken in a gradual and phased manner, recognizing the need for organizations to adapt to these changes effectively. Furthermore, the Committee emphasized the integration of the BRSR within the Ministry of Corporate Affairs' MCA21 portal to streamline the reporting process. As part of its long-term vision, the Committee envisaged that the data collected through BRSR filings would be utilized to construct a Business Responsibility-Sustainability Index, serving as a measure of corporate responsibility and sustainability for companies. [10]

Analysis of Business Responsibility and Sustainability Reporting

The introduction of the BRSR framework and its gradual implementation represents a significant step towards enhancing transparency, sustainability, and corporate responsibility in the Indian corporate sector. The Securities and Exchange Board of India (SEBI) issued Circular No. SEBI/HO/CFD/CMD-2/P/CIR/2021/562 on May 10, 2021 which introduced BRSR. This circular addressed the applicability and disclosure format for the Business Responsibility and Sustainability Report (BRSR), replacing the existing Business Responsibility Report (BRR). Notably, the amendment was introduced on a voluntary basis for the top 1000 listed entities, as determined by market capitalization, for the financial year 2021-22. Subsequently, it would become mandatory for these entities starting from the financial year 2022-23. This Circular introduced a standardized format for the BRSR in Annexure I and provided comprehensive guidance in Annexure II to facilitate companies in understanding the scope of the required disclosures.

A. Structure of BRSR

The Business Responsibility & Sustainability Report is structured into three distinct sections: Section A, Section B, and Section C. In Section A, a comprehensive set of subtitles is provided to facilitate the elucidation of General Disclosures pertaining to the business. These include essential details regarding the listed entity, its portfolio of Products and Services, a comprehensive List of Operations, an overview of the Markets served by the entity, information regarding the workforce, including employees, and specifics related to Holding, Subsidiary, and Associate Companies. Additionally, this section encompasses Corporate Social Responsibility (CSR) endeavours and an assessment of Transparency & Disclosure Compliances.

The Section B presents a structured table containing inquiries related to Management and Process disclosures, which are directly related to the organization's efforts in adopting the National Guidelines on Business Responsibility and Conduct (NGRBC) Principles and Core Elements. The questions within this section are

[10] Sahin, Z., & Çankaya, F. (2019). The Importance of Sustainability and Sustainability Reporting. Accounting, Finance, Sustainability, Governance & Fraud: Theory and Application. https://doi.org/10.1007/978-981-32-9588-9_4. visited on 3 November 2023

thoughtfully constructed to assist businesses in elucidating their Policy and Management Processes, as well as their Governance, Leadership, and Oversight frameworks.[11]

The Section C focuses on the disclosure of performance, principle-wise, with respect to the nine fundamental principles delineated in the NGRBC. These principles form the foundational framework for businesses to substantiate their commitment to sustainable development. Notably, the required information is categorized into two key segments: "Essential" and "Leadership" indicators. While all businesses that have embraced the NGRBC[12] are expected to provide information on essential indicators, the disclosure of data related to leadership indicators is specifically anticipated from businesses aspiring to attain a higher level of commitment to social, environmental, and ethical responsibility.

This format underscores a systematic and comprehensive approach to Business Responsibility & Sustainability Reporting, aligning with the evolving regulatory landscape, and providing a structured framework for companies to convey their commitment to responsible and sustainable business practices.

B. Principles governing BRSR

The National Guidelines on Business Responsibility and Conduct (NGRBC) comprise nine key principles that are categorized into the triad of Environment, Social, and Governance (ESG). Although they represent distinct facets, these principles exhibit intricate interdependencies that underpin responsible corporate behaviour. The following is an elucidation of these principles:

PRINCIPLE 1.

It states that "Businesses should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent and Accountable." The foundational tenet of NGRBC centers on the imperative of ethical conduct as the cornerstone of responsible business. It underscores the pivotal role of trust, cultivated through years of ethical conduct, in shaping an enterprise's reputation among consumers, suppliers, and the general public. This principle underscores the necessity of transparently communicating business-related risks and actions taken to mitigate them to relevant stakeholders, emphasizing the importance of open disclosure in all aspects of business, a mandate extending to the actions aligned with all NGRBC principles. Moreover, it underscores the far-reaching influence of top management's behavior and decision-making on the organization's culture of ethics, governance, environmental stewardship, and social responsibility.[13]

PRINCIPLE 2.

It states that "Businesses should provide goods and services in a manner that is sustainable and safe". The second principle addresses the responsibility of organizations to enhance the quality of life for consumers and end-users through their products, services, and operations. It accentuates the organization's obligation to ensure the safety and fitness of its offerings for the intended use. This principle encompasses aspects like expected physical properties, performance, aesthetics, and underscores the essence of customer-centricity. This aligns with the United Nations Sustainable Development Goal 12 - Responsible Production and Consumption. The principle also advocates for comprehensive consideration of environmental implications throughout a product's life cycle, addressing issues arising from material wastage, resource depletion, adverse emissions, and non-biodegradable

[11] Inamdar, M., & Rachchh, M. (2019). Business Responsible Reporting and Environmental Social and Governance Disclosures: Current status & Challenges in India. International Journal of Research, 6, 822-829.

[12] Oncioiu, I., Petrescu, A., Bîlcan, F., Petrescu, M., Popescu, D., & Anghel, E. (2020). Corporate Sustainability Reporting and Financial Performance. Sustainability, 12, 4297. https://doi.org/10.3390/su12104297. visited on 3 November 2023

[13] Amran, A., Lee, S., & Devi, S. (2014). The Influence of Governance Structure and Strategic Corporate Social Responsibility Toward Sustainability Reporting Quality. Business Strategy and The Environment, 23, 217-235. https://doi.org/10.1002/BSE.1767. visited on 3 November 2023

materials like plastics and polymers. An example of this approach is soft drink manufacturers' efforts to minimize waste associated with PET bottles used for packaging.

PRINCIPLE 3.

It states that "Businesses should respect and promote the well-being of all employees, including those in their value chains". The third principle underscores an organization's responsibility to initiate initiatives that enhance the dignity, health, and well-being of its employees. Regulatory frameworks and labor laws in India have historically aimed at improving workplace conditions, encompassing occupational health and safety, equality, remuneration, and collective bargaining. Nevertheless, substantial sections of the Indian workforce, particularly those in unorganized sectors or engaged as contract labor, continue to confront workplace challenges. The Indian workforce, relative to their counterparts in developed nations, confronts elevated levels of exploitation, harassment, and subpar treatment, primarily due to unequal bargaining power and inadequate enforcement of labor and occupational health and safety (OHS) laws. Dignity and safety in the workplace remain areas where Indian corporations have considerable ground to cover. The third principle within NGRBC calls for heightened corporate commitment to mitigating and eliminating the issues facing the workforce at large.

PRINCIPLE 4.

It states that "Businesses should respect the interests of and be responsive to all its stakeholders". This principle accentuates that organizations have responsibilities beyond investors, clients, and employees. Their operations, which impact natural resources, habitats, communities, and more, necessitate accountability to the broader public. These obligations entail understanding the expectations of all stakeholders, both internal and external, with special consideration for vulnerable groups[14] and communities affected by their actions. The core elements encompass developing systems for transparent disclosure of operational impacts to stakeholders; Identifying and categorizing stakeholders, both internal and external, to ascertain their expectations and align strategies accordingly; Ensuring that the benefits generated by the business extend to affected parties, with a commitment to equitable conflict resolution and grievances.

PRINCIPLE 5.

It states that "Businesses should respect and promote human rights". It is rooted in the Constitution of India and the International Bill of Rights, this principle underscores businesses' duty to safeguard and uphold human rights. It posits that human rights are inherent to every individual and inviolable, even within business operations. The UN Guiding Principles on Business and Human Rights assign responsibility to businesses for preventing human rights violations and taking necessary actions to preclude such violations in the course of their operations. The core elements encompass communicating the human rights requirements outlined in the Constitution of India, prevailing Indian laws, and the International Bill of Rights to employees and collaborators; Establishing policies, structures, and procedures to identify and mitigate potential human rights violations arising from business operations; Addressing human rights issues emerging from business activities and implementing effective corrective actions; Implementing awareness-raising programs across the value chain to educate employees and stakeholders about human rights; Establishing efficient grievance redressal mechanisms for affected groups and communities.

PRINCIPLE 6.

It states that "Businesses should respect and make efforts to protect and restore the environment." It is aligned with UN Sustainable Development Goals, this principle underscores the imperative of protecting and restoring the environment. The core elements encompass Establishing systems to identify environmental impacts and

[14] Banerjee, D. (2022). Dynamics in Accounting: An Exploration of Sustainability with Special Reference to Business Responsibility and Sustainability Report (BRSR) in India. JOURNAL OF ACADEMIC ADVANCEMENT. https://doi.org/10.58574/jaa.2022.v1.i1.03. visited on 3 November 2023

implementing appropriate mitigation measures throughout the value chain, with an emphasis on environmentally fragile and protected areas where applicable;[15] Reducing the consumption of natural resources, including fossil fuels, water, electricity, and raw materials, such as metals, minerals, and forest products; Developing measurable performance indicators related to environmental concerns, such as energy, fuels, air, water, land use, pollution, waste generation, and materials; Implementing climate change mitigation programs in compliance with national legal frameworks and international treaties like the Paris Agreement; Promoting best practices for resource reuse, reduction, recycling, and recovery, engaging stakeholders throughout the value chain; Enhancing environmental performance through innovative, efficient, and low-carbon technologies and solutions, aiming to reduce resource usage and material consumption.

PRINCIPLE 7.

It states that “Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent”. This principle recognizes the substantial influence of legal frameworks on businesses’ operations. It emphasizes the need for transparency when organizations engage with governments in policy advocacy. The core elements include Ensuring complete public disclosure when involved in advocacy roles, consistent with the NGRBC; Utilizing industry associations, trade groups, and commerce bodies for policy advocacy, particularly in matters affecting the organization’s policies; Aligning policy advocacy positions with the promotion of fair competition and respect for human rights.

PRINCIPLE 8.

It states that “Businesses should promote inclusive growth and equitable development”. It is rooted in the Companies Act, 2013, and aligned with UNSDG 17 for Partnerships for Sustainability, this principle underscores the obligation to focus on disadvantaged, vulnerable, and marginalized communities. The core elements encompass Implementing systems to identify and address the social, cultural, and economic impacts on people, including business-induced issues like land acquisition and construction activities; Developing products, technologies, and business practices that improve the well-being and quality of life of marginalized communities; Reviewing local and regional development priorities when designing corporate social responsibility (CSR)[16] activities to benefit marginalized groups and communities; Ensuring that business-induced displacement or community relocation is avoided, and in unavoidable cases, conducting mutually agreed, participatory, and informed negotiations to provide fair compensation to affected individuals; Respecting intellectual property and traditional knowledge, ensuring equitable sharing of benefits derived from such knowledge.

PRINCIPLE 9.

It states that “Businesses should engage with and provide value to their consumers in a responsible manner”. This principle centres on the idea that the primary purpose of business is to create value through the production of quality products and services while maintaining customer satisfaction. The principle recognizes consumers’ freedom of choice and emphasizes the organization’s responsibility to provide quality, affordable, and user-friendly products while fostering responsible consumption. The core elements encompass Efforts to reduce the adverse impacts of products and services on consumers, the natural environment, and society; Commitment to ensuring that the design, marketing, and sale of products do not hinder freedom of choice and fair competition; Transparent and accurate disclosure of adverse impacts on users, the environment, and biodiversity; Safeguarding

[15] Inamdar, M., & Rachchh, M. (2019). Business Responsible Reporting and Environmental Social and Governance Disclosures: Current status & Challenges in India. International Journal of Research, 6, 822-829.

[16] Mathivanan, P., & Kasilingam, R. (2020). Regulations on sustainability reporting as a global force in shaping business enterprises: evidence from India. International Journal of Intelligent Enterprise. https://doi.org/10.1504/ijie.2020.10026350. visited on 3 November 2023

customer privacy when handling their data; Informing customers about the safe and responsible use, reuse, recycling, and disposal of products, and ways to eliminate over-consumption; Ensuring that advertising about products is free from misleading and confusing information; Establishing transparent and accessible grievance redressal and feedback management systems for consumers; Enabling universal access to essential goods and services, including reinstating services discontinued for any reason, in a non-discriminatory and responsible manner.

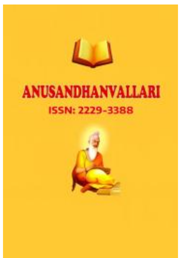
I.Comparative Analysis

A. Comparison with Indian Frameworks

Attribute	BRR (Business Responsibility Reporting)	BRSR (Business Responsibility & Sustainability Reporting)
Inception Year	2012	2021
Eligibility Criteria	Initially applied to the top 100 listed companies based on market capitalization in 2012, expanded to 1000 companies by 2019	Initially a voluntary initiative for the top 1000 listed entities by market capitalization during the fiscal year 2021-22, and became mandatory starting from the fiscal year 2022- 23
Guiding Framework	Based on the National Voluntary Guidelines (NVGs) introduced in 2011	Aligned with the 9 principles of National Guidelines on Responsible Business Conduct (NGRBC), which underwent revision in 2019
Emphasized Reporting Values	Focused on promoting integrity and ethical practices	Emphasizes a broad spectrum of values, including ethics and integrity, enhanced accountability, greater transparency, integration with other reporting standards, well-defined performance metrics, and the pursuit of uniformity and comparability across various industries
Reporting Approach	Information was included within annual reports	Requires inclusion within annual reports and submission to the Ministry of Corporate Affairs (MCA)
Core Responsibility Principles	Encompassed ethics, transparency, safety, employee well-being, stakeholder engagement, human rights, environmental conservation, public and regulatory policies, inclusive growth, and a customer-centric approach	The 9 foundational principles of NGRBC were further elaborated upon and linked to performance indicators, some of which may be mandatory, highlighting a need for leadership accountability, consistent reporting, and ownership of business impact.

B. Comparison with International Frameworks

Several international reporting frameworks have been established to address various aspects of corporate responsibility and sustainability. Each framework serves a unique purpose and is tailored to different needs and audiences.



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The Global Reporting Initiative **(GRI)**, founded in 1997, focuses on helping organizations report on their economic, social, and environmental impact across a wide range of interests. It captures data related to environmental performance, including greenhouse gas emissions, making it suitable for a global audience.[17]

The Carbon Disclosure Project **(CDP)**, launched in 2002, concentrates on climate change, water, and forest impacts. It primarily targets publicly listed companies and suppliers seeking to manage and disclose their carbon footprints. CDP's framework offers high-level, principles-based guidance, promoting information connectivity and serving investors, procurement specialists, and policymakers.

The International Integrated Reporting Council **(IR)**, formed in 2010, emphasizes guiding principles and content for producing integrated reports that cover environmental and social impacts, human and social capital, business model resilience, and innovation. This framework is especially useful for businesses looking to provide comprehensive insights.[18]

The Climate Disclosure Standards Board **(CDSB)**, established in 2017, encourages firms to align climate-related risk disclosures with investor needs. It requires disclosures related to environmental and social impacts, human and social capital, business model resilience, innovation, physical climate change impacts, and leadership and governance. CDSB provides standard requirements for reporting, primarily applicable to the United States and industry-specific companies.[19]

The Sustainability Accounting Standards Board **(SASB)**, initiated in 2012, aims to facilitate the disclosure of material sustainability information in SEC filings in the US, primarily targeting financial stakeholders and a wide range of stakeholders. It focuses on identifying, measuring, and disclosing climate-related financial information, making it valuable for investors and capital market participants.[20]

The Task Force on Climate-related Financial Disclosures **(TCFD)**[21] centres on the identification, measurement, and disclosure of climate-related financial information, catering to investors and capital market participants. Lastly, the International Sustainability Standards Board **(ISSB)** is working to establish a comprehensive baseline with information on sustainability-related risks and opportunities, involving technical readiness working groups and prototype sets.

In summary, each of these frameworks has its distinct purpose, information disclosure requirements, and target audience, making them valuable tools for organizations looking to address various aspects of corporate responsibility, sustainability, and climate-related risks on a global scale, in the US, or within specific industries.

Influence of Sustainability Reporting

Sustainability reporting plays a pivotal role in the corporate landscape, serving a diverse set of objectives that contribute to stakeholder trust and engagement. These stakeholders include financial and capital providers, customers, regulatory bodies, vendors, subcontractors, employees, the communities affected by an organisation's operations, civil societies, and the broader public.

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[17] Gehman, J. (2011). The Global Reporting Initiative: 1997-2009. . https://doi.org/10.2139/SSRN.1924439.

[18] Havlová, K. (2015). What Integrated Reporting Changed: The Case Study of Early Adopters☆. Procedia. Economics and finance, 34, 231-237. https://doi.org/10.1016/S2212-5671(15)01624-X.

[19] Thistlethwaite, J. (2015). The politics of experimentation in climate change risk reporting: the emergence of the Climate Disclosure Standards Board (CDSB). Environmental Politics, 24, 970 - 990. https://doi.org/10.1080/09644016.2015.1051325. visited on 3 November 2023

[20] Jebe, R. (2019). The Convergence of Financial and ESG Materiality: Taking Sustainability Mainstream. Corporate Governance & Finance eJournal. https://doi.org/10.2139/ssrn.3730792. visited on 3 November 2023

[21] Yock, Y. (2021). An Assessment of Early Adopters of TCFD Disclosures: The Singapore Perspective. International Journal of Environmental Sciences & Natural Resources. https://doi.org/10.19080/ijesnr.2021.29.556253.

A fundamental objective of sustainability reporting lies in its ability to enhance customer satisfaction and retention. Modern consumers increasingly favour businesses that demonstrate responsibility towards environmental conservation, resource preservation, and community support. Establishing and nurturing such a reputation requires years of dedicated effort, with the Sustainability Report serving as a crucial medium for conveying an organization's commitment to these values. In an era where environmental and social responsibility ranks high among customer priorities, sustainability reports are instrumental in attracting and retaining a conscientious clientele.[22]

Moreover, sustainability reporting offers the potential for organizations to gain a competitive edge in a crowded marketplace. Transparency about operational practices, supply chain management, and sourcing strategies can set an organization apart from its peers, especially in industries with multiple similar offerings. Many organizations have adopted policies that favor partnerships and collaborations with environmentally and socially responsible entities. Therefore, an organization with a robust and credible sustainability reporting framework is better positioned to attract investments from significant market players, thereby solidifying its competitive position.[23]

Accountability is another core objective facilitated by sustainability reporting. Organizations are compelled to set genuine, specific goals and targets concerning environmental, societal, and governance issues. These goals, when relevant to the organisation's core operations and accompanied by measurable indicators, are more likely to be achieved. This commitment to accountability becomes particularly vital when an organization seeks financial support from banks and investors or engages in technological collaborations with other entities.

The impact of sustainability reporting extends to the organisation's workforce as well. Employees take pride in being associated with organizations that prioritise environmental and social responsibility over those singularly focused on economic growth. This ethos not only fosters higher levels of job satisfaction and engagement but also empowers employees to participate in sustainability initiatives, such as resource conservation. Their involvement, when highlighted in the sustainability report, contributes to a sense of belonging and engagement. Furthermore, third-party assessment agencies recognizing "employers of choice"[24] enhance employee satisfaction, thereby attracting and retaining valuable talent.

Sustainability reports also serve as a means to provide specific, verifiable information, mitigating the practice of "greenwashing". Many organizations employ generic terms and labels, such as "organic" or "eco-friendly", to build a positive image and brand identity. However, without substantiated claims, these labels can be perceived as disingenuous. Sustainability reports counteract greenwashing by presenting precise, quantifiable data. For instance, reporting that "initiatives offset 100,000 tons of carbon dioxide emissions annually" is significantly more informative than generic labels.[25]

In conclusion, sustainability reporting, in the context of the Business Responsibility and Sustainability Report (BRSR), embodies a multi-dimensional purpose. It serves as a conduit for building trust, gaining a competitive advantage, ensuring accountability, enhancing employee engagement, and providing transparent communication. These facets collectively contribute to the cultivation of sustainable business practices and the satisfaction of stakeholders.

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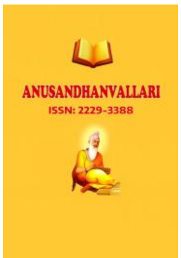

CONCLUSION

As the global business landscape evolves and confronts increasing environmental, social, and governance (ESG) challenges, the trajectory of Business Responsibility and Sustainability Reporting (BRSR) becomes more pivotal than ever. The demands of the contemporary world call for enhanced transparency, accountability, and sustainable practices in corporate governance. This section not only envisages the future of BRSR but also provides recommendations for its continued growth and improvement.

The future of BRSR promises several trends and developments that are poised to shape the reporting framework's evolution. BRSR is expected to broaden its scope to encompass a wider range of industries and sectors. The framework's applicability may expand beyond listed companies to include unlisted ones, ensuring that a more comprehensive spectrum of businesses adopts responsible practices. BRSR is likely to align more closely with internationally recognized ESG frameworks, such as the Global Reporting Initiative (GRI) and the Sustainability Accounting Standards Board (SASB). This alignment will facilitate cross-border comparisons and enhance the credibility of Indian companies in the global market. In the digital age, data collection, reporting, and dissemination will undergo a significant transformation.

BRSR is expected to leverage technology, automation, and artificial intelligence to streamline the reporting process, making it more efficient and data-driven. Recognizing the diverse corporate landscape in India, future iterations of BRSR may introduce a tailored version to accommodate small and medium-sized enterprises (SMEs). This adaptation will ensure that businesses of all sizes can participate in responsible reporting. BRSR is likely to place a stronger emphasis on stakeholder engagement and feedback mechanisms. Companies will be encouraged to actively involve their stakeholders in the reporting process to gain valuable insights and demonstrate responsiveness.

SUGGESTIONS

To ensure the continued success and relevance of BRSR, it is imperative to consider a series of suggestion aimed at improving the framework's impact and effectiveness:

1. Clear Sector-Specific Guidelines: Develop sector-specific reporting guidelines that provide tailored ESG metrics for different industries. This will enhance the accuracy and relevance of reporting, enabling stakeholders to better evaluate the performance of companies in their respective sectors.
2. Alignment with Global Standards: Strengthen alignment with global ESG reporting standards like GRI and SASB to enable smoother comparisons of Indian companies on the international stage. This harmonization will boost the credibility of Indian businesses in the global ESG landscape.
3. Enhanced Reporting Assurance: Encourage the adoption of independent third-party assurance for BRSR reports. This will provide an additional layer of credibility and reliability to the reporting process.
4. SME-Friendly Reporting: Tailor a simplified version of the BRSR framework specifically for SMEs, allowing them to participate in ESG reporting more easily. This adaptation will cater to the unique challenges and capabilities of smaller businesses.
5. Integration with Digital Platforms: Develop a user-friendly digital platform or reporting tool that streamlines data collection, validation, and reporting processes. Such a platform would leverage technology and automation to enhance the efficiency and accuracy of BRSR.
6. Benchmarking and Awards: Establish benchmarking mechanisms and recognition awards for companies that excel in ESG reporting and sustainability practices. Recognizing and celebrating corporate responsibility will incentivize better performance.
7. Enhanced Stakeholder Engagement: Promote a culture of active stakeholder engagement throughout the reporting process. Companies should seek meaningful input from stakeholders, including employees, customers, and communities, and integrate this feedback into their reports.

8. Continuous Improvement: Encourage companies to view ESG reporting as an evolving and dynamic process. Implement feedback mechanisms and opportunities for companies to update their reports in response to changing ESG priorities and objectives.
9. Capacity Building and Training: Invest in training and capacity building for companies, especially for SMEs, to enhance their understanding of ESG reporting and its benefits. Providing the necessary tools and knowledge will empower businesses to meet reporting requirements effectively.
10. Advocacy and Public Awareness: Actively advocate for the importance of ESG reporting and sustainability practices within the business community and among the general public. Public awareness campaigns can foster a culture of corporate responsibility.
In conclusion, the future of Business Responsibility and Sustainability Reporting (BRSR) in India is promising, marked by an evolving landscape that responds to the changing dynamics of global business practices and ESG priorities. To ensure its continued effectiveness, BRSR must adapt and improve, align with international standards, embrace technology, and cater to the diverse Indian business environment. The recommendations provided aim to fortify BRSR's role as a catalyst for responsible corporate citizenship, transparency, and sustainability in India and beyond.

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