



ESG reporting practices in India: A portrait of corporate sustainability

Sonali Sardar

Research Scholar, Department of Commerce, University of Calcutta, India

Abstract

The Environmental, Social, and Governance (ESG) factor is crucial in assessing companies' performance and assurance to environmental sustainability, economic growth, and social welfare. This study evaluates ESG reporting practices among Indian private and public sector companies in accordance with the Business Responsibility and Sustainability Reporting (BRSR) framework. It systematically explains how these Indian companies disclose ESG performance in their annual and BRSR reports, recognising which ESG parameters receive the most attention. The ESG parameters have been investigated in accordance with the BRSR framework, emphasising an inclusive comparison between the reporting practices of private and public sector Indian companies. The study precisely examines the annual and BRSR reports of the top 15 public sector companies and 15 private sector Indian companies from 2019 to 2023, highlighting significant variations in ESG reporting practices. The study employs content analysis to determine the ESG score, ensuring a thorough understanding of the landscape for further analysis.

Keywords: ESG reporting, BRSR, SDG goals, private and public sector companies, content analysis

Introduction

Sustainability reporting practice has gradually gained more importance from stakeholders over the last few years (Gillan *et al.*, 2021) [6]. Therefore, there is a growing demand for good corporate decisions and non-financial reporting. Several companies have fostered disclosing their ESG information to stakeholders (Price *et al.*, 2017) [10]. ESG dimension is a prominent mechanism for firms to measure estimated risks, scrutinise their capacity for future sustainability, and implement required actions to adapt to projected changes. In contrast, adequate ESG reporting enables firms to recognise potential benefits for further innovation and future growth, which can yield significant returns at times. The ESG framework enables firms to communicate their norms and commitment to responsible investment to their stakeholders (Edmans, 2023; Eliwa *et al.*, 2021) [4, 5]. Following the ESG dimension, companies can foster business practices prioritising profit maximisation and ethical considerations. Companies should incorporate an ESG framework into their marketing strategy to promote sustainability and retain and attract more customers. To maintain standardised reporting practice of ESG-related information in BRSR reports, the "Securities and Exchange Board of India" (SEBI) issued the "Business Responsibility and Sustainability Report" (BRSR) guidelines. This guideline helps firms guide and supervise the development of their ESG reporting, enabling both firms and stakeholders to consider the significance of environmental impacts, social responsibility, and governance mechanisms. The extension of ESG reporting practices leads to heightened decision-making within business operations. By adhering to the relevant regulatory framework and sustainability standards, firms can reduce the risk of fines or penalties while cultivating a positive image. (Atan *et al.*, 2018; Richardson, 2009) [3, 12]. ESG reporting practices also help to maintain

good relationships with stakeholders. The BRSR framework enables companies to identify potential risks and take appropriate action to address these challenges. The BRSR guideline can strengthen a firm's long-term value by promoting sustainable business practices. Firms must actively pursue opportunities to decrease costs, extend operational efficiency, and stimulate innovation in products and services. The ESG framework extends beyond financial performance, highlighting the importance of understanding its impact on stakeholders. The ESG framework provides investors, companies, and other stakeholders with in-depth information about a company's non-financial performance, enabling them to assess its environmental, social, and governance (ESG) impact. Additionally, these frameworks would allow companies to manage the risks and opportunities that align with their ESG profiles while maintaining constructive stakeholder relationships (Zhang *et al.*, 2022) [13]. The concept of ESG was first articulated in the 1950s; thus, it is not entirely new. However, in light of the significant implementation of climate policies in business decision-making, this concept has reemerged as a pressing issue within contemporary discourse. (Kell, 2018) [8].

Review of Literature

According to the Stakeholder Theory, companies are inherently interconnected with the broader society through ESG reporting, which can enhance both financial and non-financial opportunities (Acharya & Agarwal, 2022). Legitimacy Theory posits that companies must give complete information regarding their sustainable stakeholders to meet their assurances to society and elevate sustainable development (Abdul Rahman & Alsayegh, 2021) [1]. Both companies and stakeholders acknowledge that sustainable investments can lead to long-term

profitability (Naeem & Cankaya, 2022) [9]. ESG reporting reveals an increasingly substantial role in business decision-making, as stakeholders prioritise long-term value creation through adherence to sustainable practices (Tomac *et al.*, 2020). Nevertheless, India has recently faced difficulties in integrating the ESG dimension into its strategic business decisions due to resource constraints and physical and social uncertainties. Organisations must assess their performance against ESG dimensions, specifically those emphasising non-financial performance parameters (Villiers, 2018). Companies typically do not adhere to compulsory guidelines for disclosing ESG dimensions within BRSR reports or sustainability reports, as these requirements are intentionally omitted (Rezaee & Tuo, 2017) [11].

Research Objectives

1. To evaluate the degree of ESG reporting practices in selected Indian public sector companies per the principles specified in the BRSR guideline.
2. To assess the extent of ESG reporting practices in selected Indian private sector companies, per the principles specified in the BRSR guideline.
3. To compare the ESG reporting practices of selected private and public sector companies in India.

Hypotheses

This analysis examines how public and private sector companies in India disclose their environmental, social, and governance (ESG) practices. We will explore the following hypotheses:

H01: Indian private sector companies do not significantly differ in ESG reporting practices.

H02: Indian public sector companies do not exhibit significant differences in ESG reporting practices.

H03: No significant variation in ESG reporting practices exists between selected Indian public and private sector companies.

This approach will help us better understand how Indian companies submit their ESG reports.

Research Methodology

An exploratory research method was used to assess the degree of ESG reporting practices among Indian public and private companies. The BRSR standards serve as the basic framework for disclosing the ESG dimension in companies' BRSR or sustainability reports. For analysis, a sample of 30 leading Indian companies, comprising 15 private and 15 public sector companies, was purposefully selected. The study analyses their sustainability, and BRSR reports from 2019 to 2023 to explore variations in ESG reporting practice. Content analysis is a research technique employed for analysis. The analysis considers 25 different indicators that align with the SEBI-issued BRSR Guidelines. These indicators are classified into three distinct areas: 11

indicators related to Environmental practices, seven associated with social responsibilities, and seven indicators on Governance. In the case of content analysis of the sustainability and BRSR report, the study assigns a value of 1 for reporting the indicator and 0 for non-reporting the indicator under the BRSR guidelines.

BRSR Guidelines

In response to the evolving global trends in sustainability reporting, the BRSR has been issued as a comprehensive and consistent framework in India. Evidence indicates that the trend of corporate reporting in India is progressively aligning with international standards and regulations. Indian corporations must maintain transparency and accountability in annual reports and BRSR submissions, adhering closely to the BRSR guidelines. The BRSR is a foundational document for disclosing sustainability-related information, enabling stakeholders to compare ESG performances across multiple companies efficiently. This framework is considerably more systematic and practical for disclosure than its predecessor, the Business Responsibility Report (BRR). It is recognised as a superior tool for conveying non-financial performance indicators.

Section A: General Disclosures

This section provides detailed information about the listed entity, including its Corporate Social Responsibility (CSR) initiatives, transparency measurement techniques, disclosure mechanisms, and the products or services it offers.

Section B: Management and Process Disclosures

This section represents detailed information about the organisation's policies, management processes, and governance structures.

Section C: Principles-wise Performance Disclosures

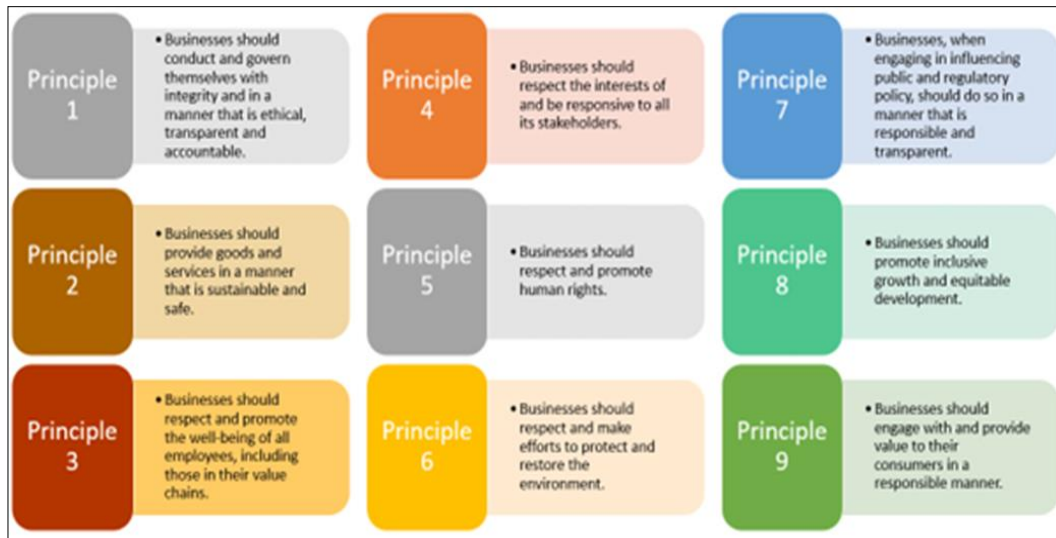
The organisation must submit a comprehensive report using Key Performance Indicators (KPIs) aligned with the essential nine principles of the "National Guidelines on Responsible Business Conduct" (NGRBC). To formulate a proper report, this part categorises KPIs into two different categories.

Essential Indicators (Mandatory)

These KPIs comprise a range of data, including environmental dimensions related to emissions, energy usage, social impacts, and information about training initiatives.

Leadership Indicators (Voluntary)

To promote strong accountability and responsibility within the business environment, organisations are motivated to incorporate these voluntary parameters, which include life cycle assessments (LCAs), conflict management policies, biodiversity data, scope three emissions, and supply chain management reporting.



Source: www.sebi.gov.in

Fig 1: BRSR Framework

Table 1: Components of ESG Framework

Environment	Social	Governance
Energy consumption	Employee well-being	Anti-corruption or Anti-bribery policy
Energy intensity	Health and safety	Conflict managements
Greenhouse gas emissions other than GHG emissions	training and awareness programmes	Retirement benefits
Water consumption	Gender equality	Retention policy
Solid waste management	human rights issues	Remuneration policy
Environmental Clearances	Social Impact Assessments	Stakeholders Engagements
sustainable sourcing	CSR activities	Affiliations with trade and industry associations
Extended Producer Responsibility		
Recycled /reused		
Life Cycle Assessments		

Source: Authors 'computation from BRSR report

Analysing the Relationship between Sustainable Development Goals (SDGs) and the Nine Principles of the National Guidelines on Responsible Business Conduct (NGRBC)

In 2015, the United Nations issued seventeen Sustainable Development Goals (SDGs) to be achieved by 2030, which subsequently informed a modification of the “National Voluntary Guidelines” (NVGs), leading to the formulation of the “National Guidelines on Responsible Business Conduct” (NGRBC). In 2019, the SEBI recommended that

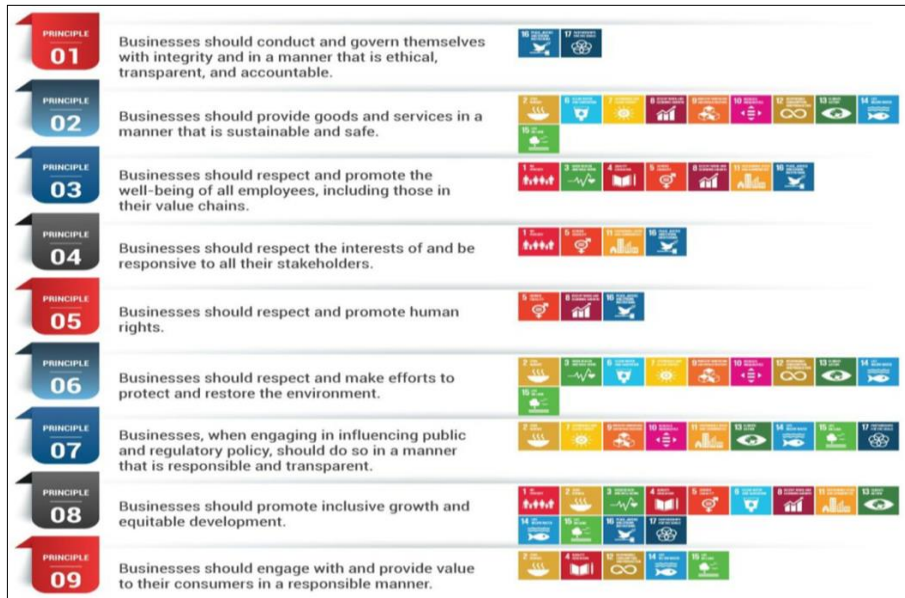
top-listed organisations furnish the “Business Responsibility Report” (BRR) report and the nine principles outlined in the NGRBC. The essential nine principles of the NGRBC are issued to establish apparent interconnections with the seventeen SDGs, and this interrelationship is elucidated in Annexure 4 of the NGRBC. The organisation must identify this linkage and actively associate with initiatives that support the attainment of the United Nations Sustainable Development Goals.

Table 2: The Sustainable Development Goals (SDGs) are linked to the principles of the National Guidelines on Responsible Business Conduct (NGRBC).

17 SDGs linked to the related NGRBC principles as a matrix

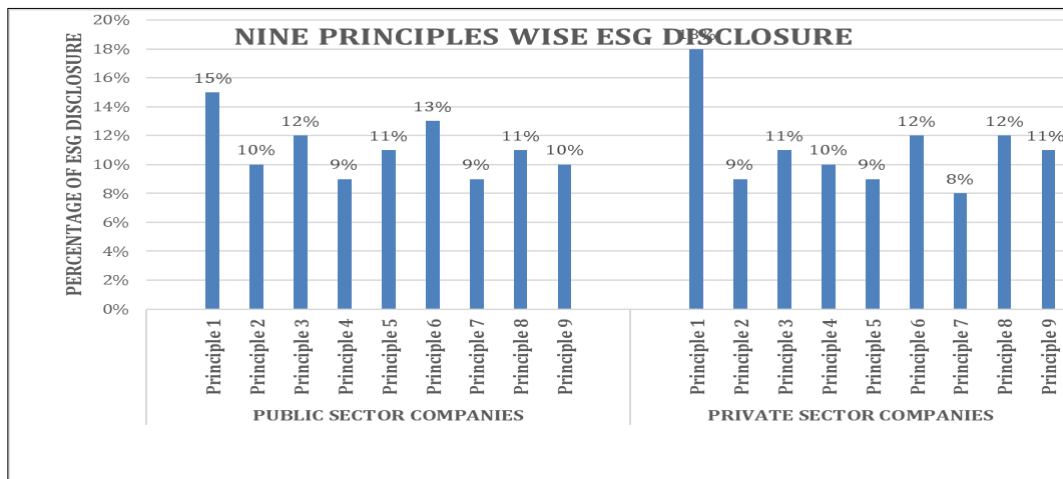
SDG	NGRBC Principle
SDG 1	P3, P4, P8
SDG 2	P2, P6, P7, P8, P9
SDG3	P3, P6, P8
SDG 4	P3, P8, P9
SDG5	P3, P4, P5, P8
SDG6	P2, P6, P8
SDG7	P2, P6, P7
SDG8	P2, P3, P5, P8
SDG9	P3, P4, P8
SDG10	P2, P6, P7
SDG11	P3, P4, P7, P8
SDG12	P2, P6, P9
SDG13	P2, P6, P7, P8
SDG14	P2, P6, P7, P8, P9
SDG15	P2, P6, P7, P8, P9
SDG16	P2, P6, P7, P8, P9
SDG17	P2, P6, P7, P8, P9

Source: Authors' Computation from the SDGs Report



Source: www.sebi.gov.in

Fig: 2



Source: Authors' computation from the Annual Report and the BRSR report

Fig: 3

Figure 3 illustrates the extent of ESG reporting by the nine principles of the NGRBC for selected private and public sector firms. In the case of public sector firms, Principle 1 exhibits the highest level of reporting at 15%. In contrast, Principles 4 and 7, as well as Principle 2, demonstrate the lowest reporting levels, at 9%, 9%, and 10%, respectively.

Principle 1 similarly records the highest disclosure rate for private sector companies, reaching 18%. Conversely, Principles 7, 5, and 2 reveal lower reporting rates of 8%, 9%, and 9%, respectively. Both public and private sector companies provide considerable information about Principle 1, which predominantly addresses governance parameters.



Source: Authors' computation from Annual Report and BRSR report (2022-2023)

Fig: 4

Figure 4 illustrates the extent of ESG reporting practices among selected private and public sector companies for 2022-2023. Additionally, it conducts a comparative analysis to ascertain which companies demonstrated more systematic and effective reporting practices. The findings indicate that private sector companies exhibited more systematic and effective ESG reporting practices than public sector companies during this period. This disparity is primarily attributed to intensified market competition, the imperative

to meet stakeholder expectations, and compliance with regulations. Among the private sector companies analysed, Reliance Industries Ltd., Tata Motors, Tata Chemicals Ltd., Adani Power, and Tata Power emerged as leaders in ESG disclosure, with 82%, 81%, 81%, 80%, and 80% respectively. In the public sector, PTC, GAIL Ltd., Indian Power Corporation, NHPC, NTPC, and BPCL achieved the highest disclosure rates, with rates of 73%, 73%, 70%, 71%, and 69%, respectively.

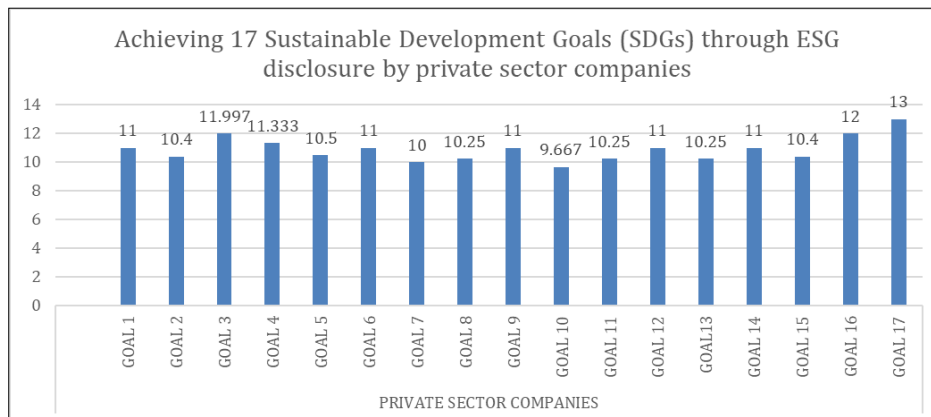


Source: Authors' computation from Annual Report

Fig: 5

Figure 5 evaluates the extent of ESG reporting related to the 17 “Sustainable Development Goals” (SDGs) by public sector companies during the study period. It shows that the

selected public sector companies focus more on SDG 3, SDG 8, SDG 16, and SDG 17, which primarily emphasise governance and social factors.



Source: Authors' computation from the Annual Report

Fig: 6

Figure 6 represents the extent of 17 SDGs goals-wise ESG reporting by private sector companies during the study period. It has been revealed that selected private sector companies simultaneously place importance on all the SDG goals, and their overall performance is quite satisfactory. SDG 17 and SDG 16 are disclosed more than other goals, with 13 % and 12 % respectively

Analysis

On the other hand, the two central portions help describe the study's outcome. The first portion highlights the extent of ESG reporting of both private and public sector companies. It represents a comparative study of ESG reporting between India's private and public sector firms. The second portion indicates the most critical ESG parameter that the selected Indian companies disclose more fully.

Table 3: One-Sample Test: Public Sector Companies

	Test Value = 30					
	t	DF	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Public	54.151	14	.000	38.40000	36.8791	39.9209

Source: Authors' computation by using SPSS software

As highlighted in the table above, the p-value of the analysis is less than 0.05, indicating that the null hypothesis is rejected. It is indicated that a high level of differentiation

exists in the ESG reporting practices of Indian public sector companies.

Table 4: One-Sample T Test: Private Sector Companies

	Test Value = 30					
	t	DF	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Private	81.583	14	.000	48.73333	47.4521	50.0145

Source: Authors' Computation by using SPSS Software

It is noted that the p-value of private sector companies is less than 0.05, so we cannot accept the null hypothesis. This

indicates a significant variation in the ESG reporting practices among Indian private sector companies.

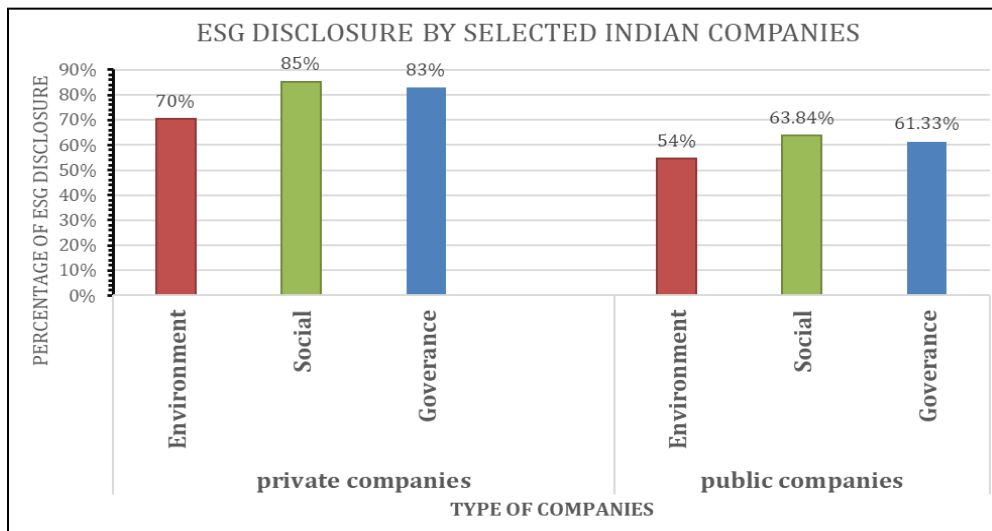
Table 5: Group statistics: Private and public sector Indian companies

	Test Value = 30					
	t	DF	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Private	81.583	14	.000	48.73333	47.4521	50.0145
Public	54.151	14	.000	38.40000	36.8791	39.9209

Source: Authors' Computation by using SPSS software

Table 5 shows that the mean ESG score for private sector companies is 48.73, which exceeds the mean ESG score of 38.40 for public sector companies. This discrepancy indicates that Indian private sector firms tend to provide more comprehensive information in their annual and

sustainability reports than their public sector companies. Consequently, it can be concluded that private sector companies demonstrate superior ESG reporting practices, as evidenced by their higher mean score of 48.73 in contrast to the public sector's score of 38.40.



Source: Authors' computation from the Annual Report and the BRSR report

Fig: 7

Both private and public sector companies have focused more on social and governance matters than on environmental issues. For public sector companies, governance disclosure stands at 83%, social disclosure at

85%, and environmental disclosure at 70%. In contrast, private sector companies have governance disclosure at 61.33%, social disclosure at 63.84%, and environmental disclosure at 54%.

Name of Private Sector Companies	Data sources
Adani Power Ltd.	www.adanipower.com
Tata Chemicals Ltd.	www.tatachemicals.com
Vedanta Ltd.	www.vedantalimited.com
Reliance Industries Ltd.	www.reliancepower.co.in
JSW Energy	www.jsw.in/energy.com
Infosys Ltd.	www.infosys.com
Tata Power	www.tatapower.com
Tata steel	www.tatasteel.com
Adani enterprise	www.adanienterprise.com
Ambuja Cement	www.ambujacement.com
Reliance Power	www.reliancepower.co.in
Tata Motors	www.tatamotors.com
ACC cement	www.aclimited.com
Torrent Power	www.torrentpower.com

JSW Steel	www.jswsteel.com
Name of Private Sector Companies	
BPCL	www.bharatpetroleum.in
NMDC Ltd	www.nmdc.co.in
ONGC	https://ongcindia.com
NTPC	www.ntpc.co.in
NHPC	www.nhpcindia.com
Indian Oil Corporation	https://iocl.com
Power grid corporation	www.powergrid.in
PTC	www.ptc.com
Gail Ltd	www.gailonline.com
Coal India Ltd	www.coalindia.in
HPCL	www.hindustanpetroleum.com
Oil India Limited	www.oil-india.com
India Power Corporation	www.indiapower.com
Sail	http://sail.co.in
Hindustan petroleum	www.hindustanpetroleum.com

Conclusion

The importance of sustainable development has been increasingly recognised in national and international markets. The heightened interest from stakeholders has played a vital role in driving this trend, making it compulsory for organisations to provide valuable information relating to their ESG reporting practices to maintain transparency with their investors. Organisations should incorporate the BRSR framework to address and disclose ESG dimensions in their key reports effectively. This study examines the level of ESG reporting practices among selected public and private sector companies in India and compares these reporting statements across the two sectors. The study separately examined three diverse parameters of ESG: environmental, social, and governance. The outcome suggests significant variation in reporting practices among the selected sampled companies. Private sector companies employ a more advanced technique in ESG reporting practices, providing more comprehensive information than public sector companies. Furthermore, this study examines the ESG reporting practices of nine essential principles among selected Indian companies, revealing that both public and private sector entities have focused notably on Principle 1, which is closely tied to governance parameters. Both sectors disclosed substantial information related to these goals, specifically in relation to the “United Nations Sustainable Development Goals” (SDGs). Overall, the private sector companies exhibited quite satisfactory performance, revealing pertinent information aimed at achieving nearly all of the SDGs. Specifically, these companies provided the most information about SDG Goal 16. In contrast, public sector companies concentrated more on SDG Goals 17 and 3. The outcomes of this study further denote that the environmental parameter received less attention than the governance and social parameters from both sectors. This phenomenon is attributed to the firms' efforts to increase their disclosure practices to fulfil their stakeholders' expectations.

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