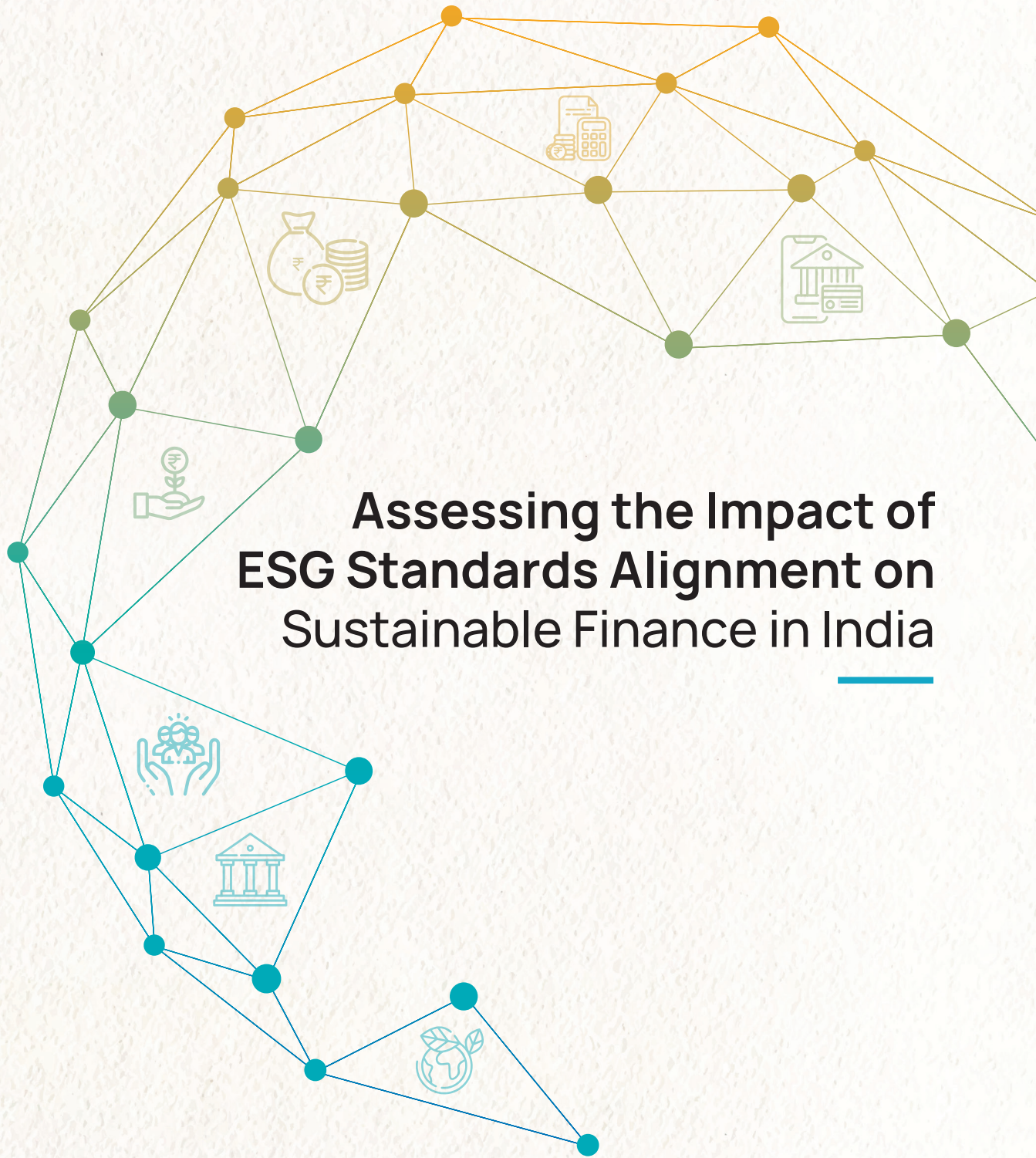




CII-ITC Centre of Excellence
for Sustainable Development



Confederation of Indian Industry



Assessing the Impact of ESG Standards Alignment on Sustainable Finance in India

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Prepared under the guidance of Ms. Seema Arora, Deputy Director General, CII, and Mr. Shikhar Jain, Executive Director, CESD, this report offers critical insights and strategic pathways designed to strengthen India's ESG ecosystem and accelerate the flow of sustainable finance into the country.



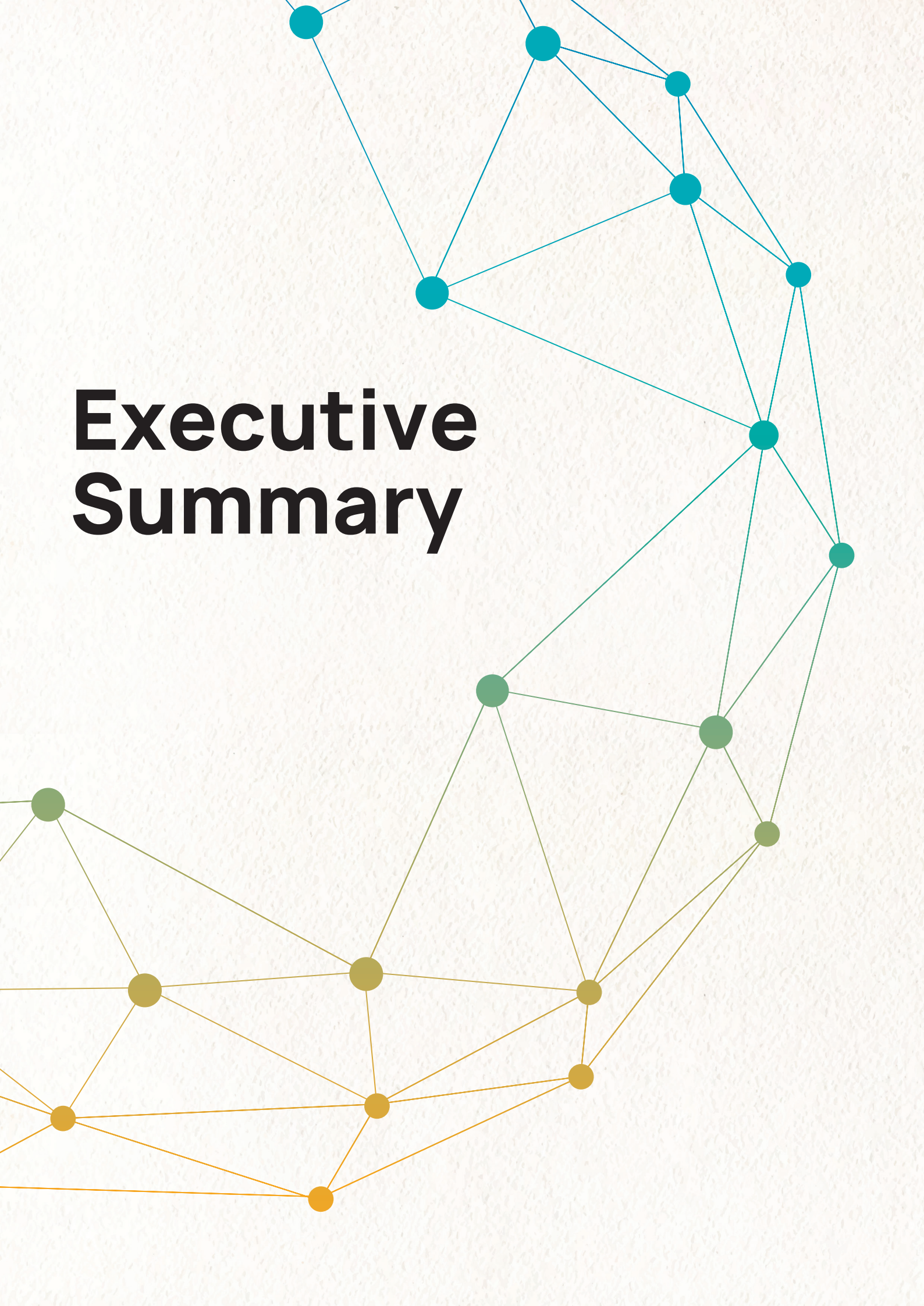
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The background of the page features a complex, abstract geometric pattern. It consists of numerous interconnected dots (nodes) and thin lines (edges) forming a network. The dots are colored in three distinct groups: teal (top right), green (middle right), and orange (bottom left). The lines are also color-coded to match the dots they connect. The overall effect is a modern, tech-inspired aesthetic. The text 'Executive Summary' is positioned on the left side, partially overlapping the network lines.

Executive Summary

India's commitment to achieving net-zero emissions by 2070 and its Long-Term Low-Emission Development Strategy (LT-LEDS) underscore the urgency of scaling up sustainable finance. As global capital markets increasingly integrate environmental, social, and governance (ESG) considerations, robust and comparable disclosure frameworks have become essential to attract investments, manage risks, and ensure that growth is sustainable and inclusive. This report, developed by CESD assesses the alignment of India's Business Responsibility and Sustainability Reporting (BRSR) framework with the International Financial Reporting Standards (IFRS) for Sustainability Disclosure — IFRS S1 and S2, and identifies actionable pathways to strengthen India's ESG ecosystem and enhance the flow of sustainable finance.

Global and Domestic Context

Globally, ESG-linked investments exceeded USD 30 trillion in 2022 and are projected to reach USD 40 trillion by 2030 (Bloomberg, 2024). The Asia-Pacific region, including India, is expected to grow at a 27% compound annual growth rate over the next decade, driven by regulatory reforms and investor demand for sustainable assets (Aventus, 2023). Jurisdictions such as the European Union, Australia, Singapore, and Canada have advanced ESG regulations, leading to the emergence of consistent sustainability reporting standards under the International Sustainability Standards Board (ISSB).

India has taken early leadership through the Securities and Exchange Board of India (SEBI), which introduced the BRSR in 2021 and the BRSR Core in 2023, mandating top 1,000 listed entities to disclose ESG information and value chain impacts. These frameworks mark a foundational step toward mainstreaming ESG disclosures. However, the BRSR remains largely sector-agnostic and partially aligned with international standards, limiting comparability for global investors.

The report notes that India's sustainable finance needs are vast: USD 10 trillion by 2070, with about 60% expected from the private sector. Accelerating ESG-aligned finance thus requires enhanced data quality, disclosure standardization, and integration between domestic and global frameworks.

Study Approach and Analytical Framework

The study applied a multi-layered analytical framework combining literature review, gap analysis, and stakeholder consultation to assess the degree of BRSR alignment with IFRS S1 and S2.



The analysis found that BRSR currently aligns about 35% with IFRS S1 and S2 metrics, with potential to reach 60% alignment through targeted enhancements.

Key Findings



Sectoral Variation in Alignment

- Alignment is lowest in hard-to-decarbonize sectors such as oil & gas (16%), power (28%), and metals & mining (32%), which are crucial for India's energy transition.
- Sectors like chemicals (55%) and construction materials (54%) show relatively higher alignment.
- On average, 10 out of 15 sectors have more than 40% of relevant IFRS indicators not aligned, underscoring the need for sector-specific metrics.



Investor Expectations

- Institutional investors prioritise long-term value creation through transparency in GHG reduction strategies, circularity, resource efficiency, labour rights, and board-level ESG accountability. Alignment of BRSR with these expectations is key to mobilizing international capital.



Financed Emissions and Data Gaps

- The financial sector remains in the early stages of disclosing financed emissions. The report notes the relevance of RBI's draft climate disclosure framework to enhance readiness.



Integration of Financial Materiality

- IFRS emphasizes financially material sustainability outcomes—such as revenue from sustainable products—whereas BRSR focuses more on policy and performance. Integrating financial materiality will make disclosures more relevant for strategic decisions.



Includes MSME Value Chain Disclosures

- A notable strength of BRSR is its inclusion of MSME value chain reporting, a feature not found in IFRS, which simply supports inclusive ESG integration across supply chains.

Key Recommendations

The report outlines nine cross-sectoral recommendations and sector-specific guidance covering 15 sectors. Key cross-sector recommendations include:

- Disclosure of GHG reduction targets and progress (Scope 1, 2, and 3).
- Reporting percentage of recyclable and reusable products by revenue to measure circularity.
- Identification and management of critical materials and related risks.
- Reporting accidental releases of hazardous substances and remedial actions.
- Disclosure of resource-efficient product revenue and adoption strategies.
- Integration of climate risk into project planning and investment decision-making.
- Disclosure of labour disruptions and corrective measures.
- Transparency on operations near indigenous lands and community engagement.
- Policies and practices to prevent anti-competitive behaviour.

Implementing these recommendations would significantly enhance data consistency, investor confidence, and capital inflows toward ESG-aligned enterprises.

Way Forward

The report proposes a strategic roadmap to enhance India's sustainable finance ecosystem:

- **Develop Sector-Specific ESG Standards:** Tailored metrics under BRSR will improve relevance, comparability, and decision-usefulness.
- **Strengthen Regulatory Coordination:** Greater coherence among SEBI, RBI, and MoF to harmonize ESG-related disclosures and taxonomies.
- **Enhance Institutional Capacity:** Build ESG data infrastructure and train corporates and investors to apply international standards effectively.
- **Leverage Financial Innovation:** Expand green bonds, sustainability-linked loans, and blended finance instruments to fund transition sectors.
- **Regularly Update Disclosure Indicators:** Reflect evolving sustainability themes, including biodiversity, just transition, and supply chain traceability.

India has established a strong foundation for ESG integration through the BRSR and related initiatives. However, realizing its full potential as a hub for sustainable finance requires greater international alignment, sectoral precision, and institutional readiness. Enhancing BRSR alignment from 35% to 60% with IFRS standards would position India as a credible and competitive destination for global ESG investments. By embedding transparency, comparability, and accountability into ESG disclosures, India can unlock private capital to drive a low-carbon, inclusive, and climate-resilient economy.



1.

Advancing Sustainable Finance: Market Dynamics & ESG Integration

Climate change has caused widespread economic and developmental challenges across the world. For developing economies such as India, the impacts are particularly severe, posing significant risks to national growth trajectories and societal wellbeing.

Balancing socio-environmental concerns arising from climate change with ongoing development imperatives has made improved availability and access to climate finance a necessity. India has a cumulative investment requirement of USD 10 trillion to scale up climate transition efforts and achieve net zero emissions by 2070, as per the declared domestic target (PIB, 2024). Current investment levels need to rise substantially to achieve the USD 2.5 trillion per annum target by 2030 (Department of Economic Affairs, MoF, 2025). Approximately 60% of these investments are expected to be made by the private sector, underscoring its crucial role in driving India's green transition (IFC, 2023).

As climate finance gains prominence, the broader field of sustainable finance, which includes climate related and wider ESG aligned capital flows, has gained momentum in parallel. At its core, sustainable finance emphasises the need to integrate ESG parameters into the decision-making process. Institutional investors are driving this shift as they seek to manage long term risks and identify strategic opportunities. In this scenario, ESG disclosures have become a critical enabler of informed investment decision making.

1.1 Global Market for Sustainable Finance & ESG Disclosure

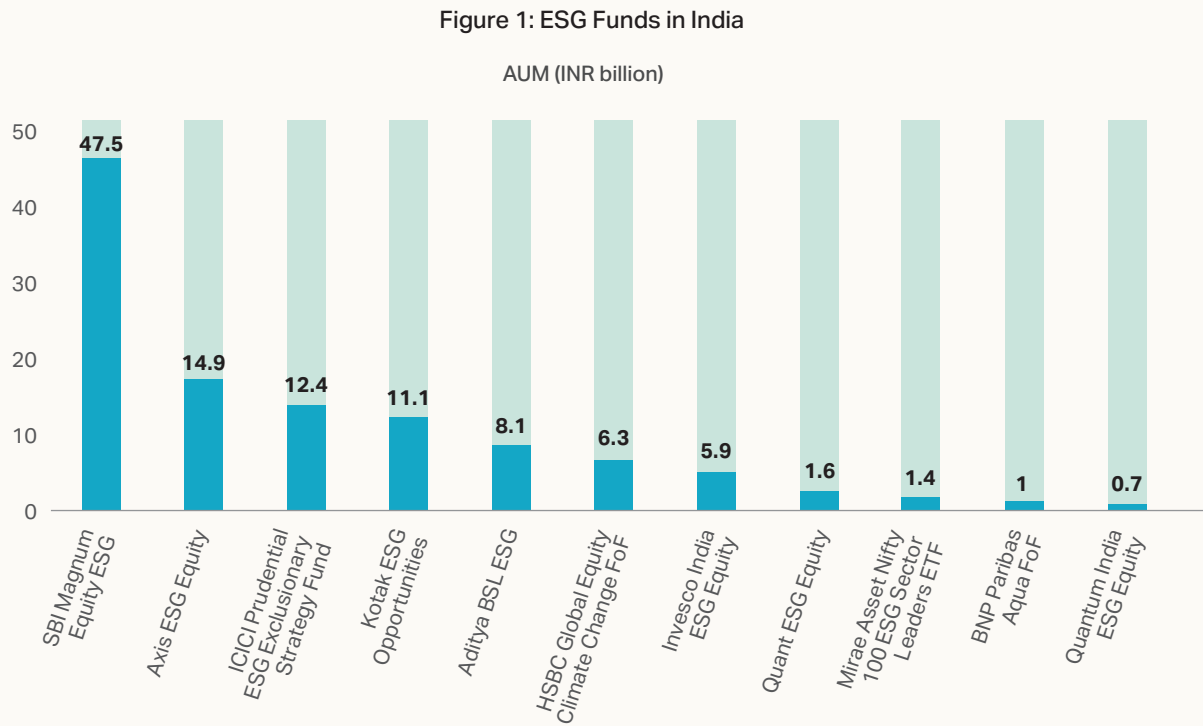
Sustainable finance market is expanding rapidly, globally as well as in India, driven by increasing regulatory requirements, evolving consumer expectations and growing investor demands. Reflecting this momentum ESG linked investments surpassed USD 30 trillion in 2022 and are expected to grow to USD 40 trillion by 2030 (Bloomberg, 2024).

Europe remained the largest market, holding a majority of assets, followed by the USA. The Asia Pacific (APAC) Region, including India, demonstrated remarkable progress with ESG assets growing fivefold from USD 0.2 trillion in 2015 to USD 1 trillion in 2021. This number is projected to grow at a CAGR of 27% over the next 5 -10 years, highlighting the market potential (Avendus, 2023). This surge in capital allocation has been accompanied by a sharp increase in ESG disclosures made available to investors.

On the regulatory front, the European Union (EU) emerged as a leader with introduction of the European Sustainability Reporting Standards (ESRS) by the European Financial Reporting Advisory Group (EFRAG), under the EU's Corporate Sustainability Reporting Directive (CSRD). Similarly, other countries including Australia, Canada, Chile, Colombia, India and Singapore have also introduced or strengthened ESG disclosure mandates (Trellis, 2023).

1.2 Sustainable Finance Landscape in India

Alongside the global scenario, India is evolving as a key player in the sustainable finance market. The financial sector is gradually incorporating ESG considerations in capital allocation decisions, balancing risk management with long term opportunities. ESG oriented mutual funds recorded significant growth in India, with total assets under management (AUM) of 11 mutual funds standing at USD 1176.6 million as of March 2024, up from USD 331.4 million in 2020 (IBEF, 2024) (Figure 1).



Source: Morningstar Direct Data, 30 June 2023

The Securities and Exchange Board of India (SEBI) has mandated that asset management companies allocate at least 80% of the AUM in equity or equity related instruments. ESG schemes in particular are required to invest at least 65% of the AUM in companies reporting on BRSR and provide assurance on BRSR Core Disclosures (SEBI Circular, 2023). This regulatory direction reflects India's attempt to reinforce the importance of ESG and enhance market confidence.

1.3 Regulatory ESG Landscape in India

India's ESG regulatory landscape has steadily evolved over the last decade, reflecting a growing recognition of the need for structured and transparent sustainability disclosures. A series of policy and regulatory initiatives across ministries and financial regulators have been launched to provide direction and guidance on ESG disclosures.

The Ministry of Corporate Affairs (MCA), Government of India introduced 'Voluntary Guidelines on Corporate Social Responsibility' in 2009. These were later expanded into the National Guidelines on Responsible Business Conduct (NGRBC) (MCA, 2018) further strengthening the policy framework for ESG reporting.

SEBI took the first formal step towards ESG disclosures in 2012 by launching the Business Responsibility Reporting (BRR). In 2021, this was further strengthened with the launch of the more comprehensive BRSR to be adopted by the top 1000 listed companies, by market capitalisation (SEBI Circular, 2021). In 2023, SEBI amended regulation 34 (2) of the Listing Obligations and Disclosure Requirements Regulations (LODR) regulations and introduced the 'BRSR Core' and the 'BRSR Core for Company's Value Chain' (SEBI Circular, 2023a).

In parallel, the Reserve Bank of India (RBI) released the 'Draft Disclosure Framework on Climate Related Financial Risks' in 2024 towards integrating climate risk in financial considerations for regulated entities (RE) (RBI, 2024). The Ministry of Finance (MoF), Government of India is also in the process of developing Climate Finance Taxonomy to facilitate greater resource flow to climate friendly technologies and activities.

These initiatives have laid the foundations of a robust ESG ecosystem in the country. However, as global sustainability standards converge, it has become essential to align India's regulatory approach with international standards to ensure consistency and enhance investor confidence.

1.4 Multiple ESG Disclosure & Investor Dilemma

Despite rapid growth, the sustainable finance market faces several challenges that continue to hinder its mainstream adoption. One of the primary challenges for investors is the fragmented ESG disclosure landscape, where companies report on diverse parameters, make varying assumptions, and use different methodologies. While the release of IFRS represents progress towards global ESG disclosure alignment, its voluntary nature limits consistent adoption across jurisdictions. Meanwhile, regulatory initiatives such as the EU's taxonomy for sustainable activities and the United States Securities and Exchange Commission's (SEC) proposed disclosure rules have further increased the complexity of international compliance (Apiday, 2024).

The emergence of multiple ESG reporting standards, along with divergent taxonomies and frameworks, has created inconsistencies making it difficult to maintain disclosure uniformity. Data remains scattered across multiple frameworks, each with different reporting criteria, metrics, and target audiences, creating confusion and complexity for investors. This lack of standardization increases the risk of 'greenwashing' allowing companies the flexibility to highlight selective positive metrics while avoiding others.

For institutional investors, this lack of consistency increases due diligence and screening costs, deters capital allocation to emerging markets and undermines confidence in ESG aligned investments.

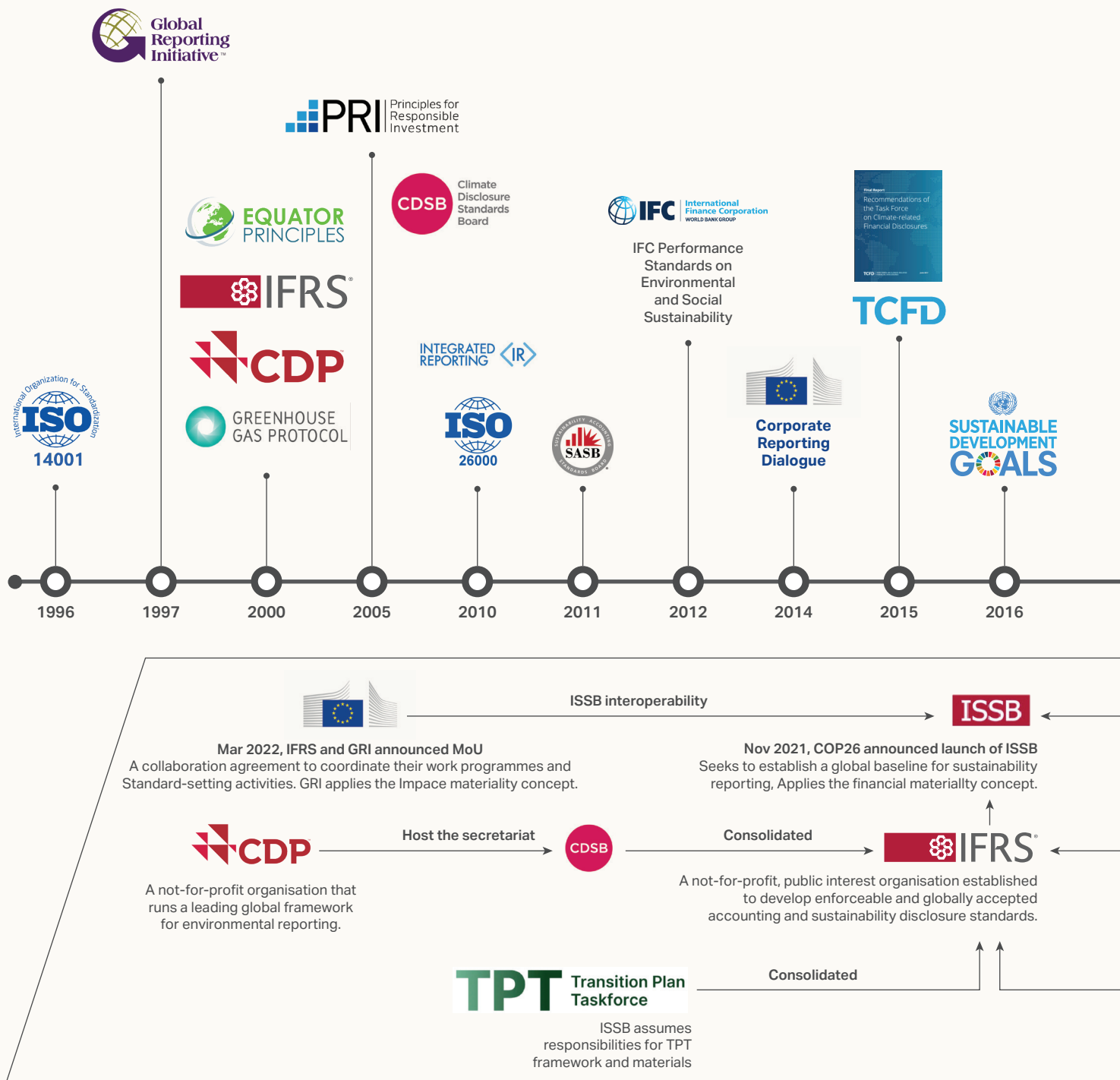
Addressing these challenges will require a coordinated effort to promote greater alignment among ESG disclosures across the globe. In addition, emphasis must be placed on improving the quality of reported data and strengthening disclosure practices among companies.

1.5 IFRS & India's Move Towards Sustainability

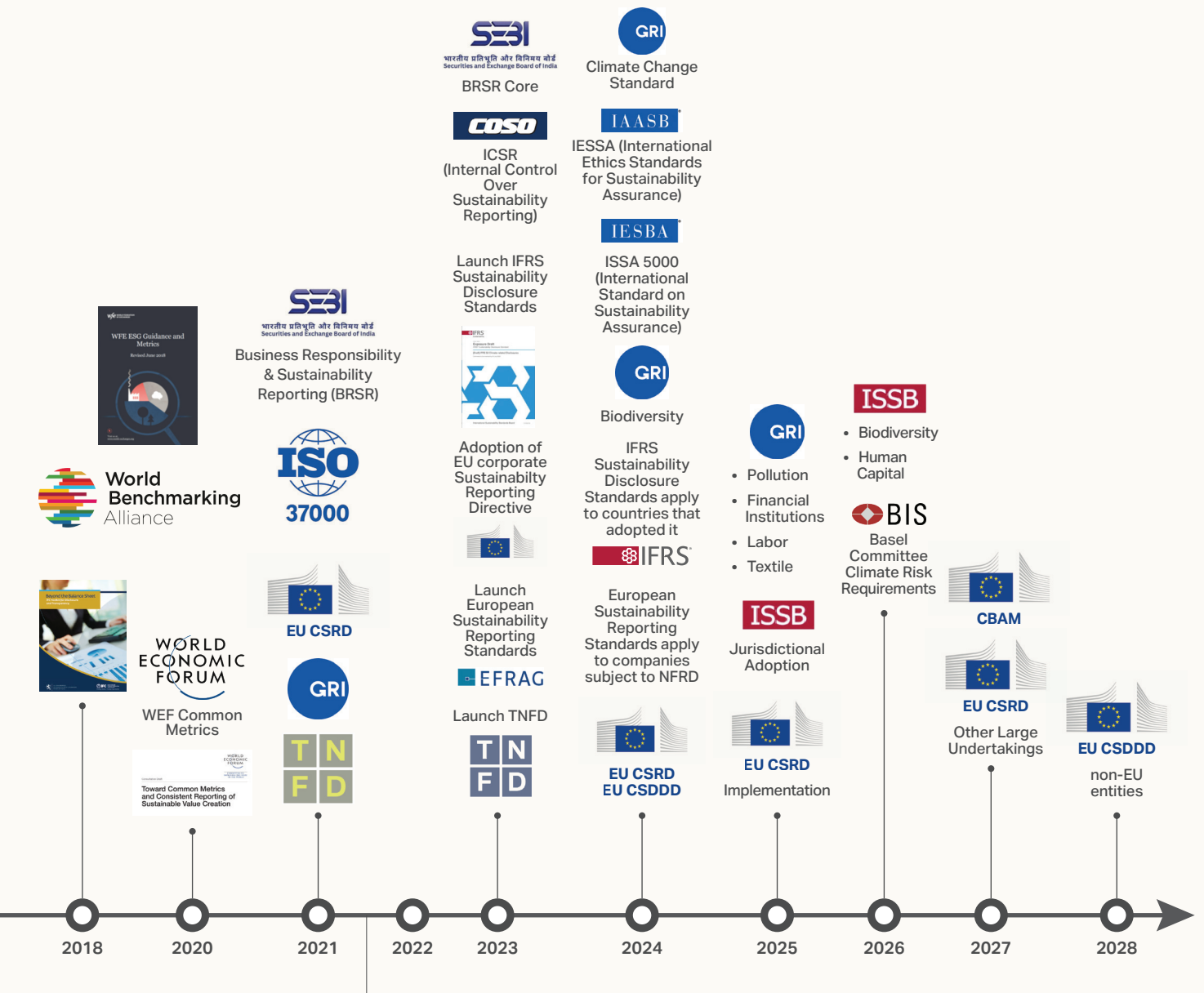
In response to the global demand for consistent and comparable sustainability reporting, the International Financial Reporting Standards Foundation (IFRS Foundation) established the International Sustainability Standards Board (ISSB) in 2021. The ISSB's mission is to develop a comprehensive global baseline of sustainability related disclosure standards, focused on addressing information needs of investors and other key stakeholders (Blessing, 2024).

In 2023, the ISSB released the inaugural International Financial Reporting Standards (IFRS) for Sustainability Disclosure, known as IFRS S1 (general sustainability disclosures) and IFRS S2 (climate-related disclosures). The standards build upon already existing frameworks including the Task Force on Climate-related Financial Disclosures (TCFD), Sustainability Accounting Standards Board (SASB), Integrated Reporting (IR), and Climate Disclosure Standards Board (CDSB) (Figure 2).

Figure 2: Pathway to Sustainability Disclosure going Mainstream



Source: IFC, Beyond the Balance Sheet, 2025



Complements



Mar 2022, IFRS and GRI announced MoU

A collaboration agreement to coordinate their work programmes and standard-setting activities, GRI applies the impact materiality concept.

Consolidated



Consolidated



Aug 2022, IFRS Foundation assumed responsibility for SASB Standards
ISSB committed to building on the SASB Standards and embedding its industry-based approach to standards development.

Consolidated



IFRS Foundation took over the monitoring of the progress on companies' climate-related disclosures from TCFD. IFRS S1 and IFRS S2 standards fully incorporate the recommendations of the TCFD.

The initiative has received strong support from organisations such as the International Organization of Securities Commissions (IOSCO), which has urged its 130 member jurisdictions to adopt these standards.

Recognising the varying levels of readiness among jurisdictions, ISSB introduced a 'Jurisdictional Roadmap Development Tool'. This tool aims to assist regulators and policymakers to plan and execute the adoption or use of IFRS Standards and make informed decisions across four key areas. It further breaks down these four areas, regulatory processes, reporting entities, requirements, and readiness, into eleven specific features to guide tailored approaches.

Using this tool, jurisdictions can determine their adoption approaches: full adoption, partial adoption, adoption with extended transition or limited transition or climate requirements designed to deliver functionally aligned outcomes. This approach offers jurisdictions the flexibility to implement standards in ways that fit their local requirements, but still deliver consistent, comparable, and investor useful sustainability information to meet global expectations.

For India, this global shift holds significant relevance, with continuously evolving sustainability reporting. IFRS promotes industry specific disclosures to enhance investor confidence and support investor focused sustainability reporting across sectors. BRSR's sector agnostic approach ensures consistency and general applicability across sectors. It also presents opportunities to move the line here. deepen sectoral focus that can enhance investor confidence. Introducing tailored metrics could enable companies to communicate their sustainability performance in ways that align with investor expectations which will help them make informed decisions.

Aligning BRSR with ISSB's Sustainability Standards (IFRS S1 and S2) by integrating relevant sector specific metrics can serve dual purposes: reducing the compliance burden associated with multiple reporting formats while simultaneously positioning BRSR as a strategic instrument to attract sustainable finance and strengthen investor trust. Such alignment would also help address evolving global expectations, thereby facilitating access to international capital and accelerating the flow of ESG aligned investments.



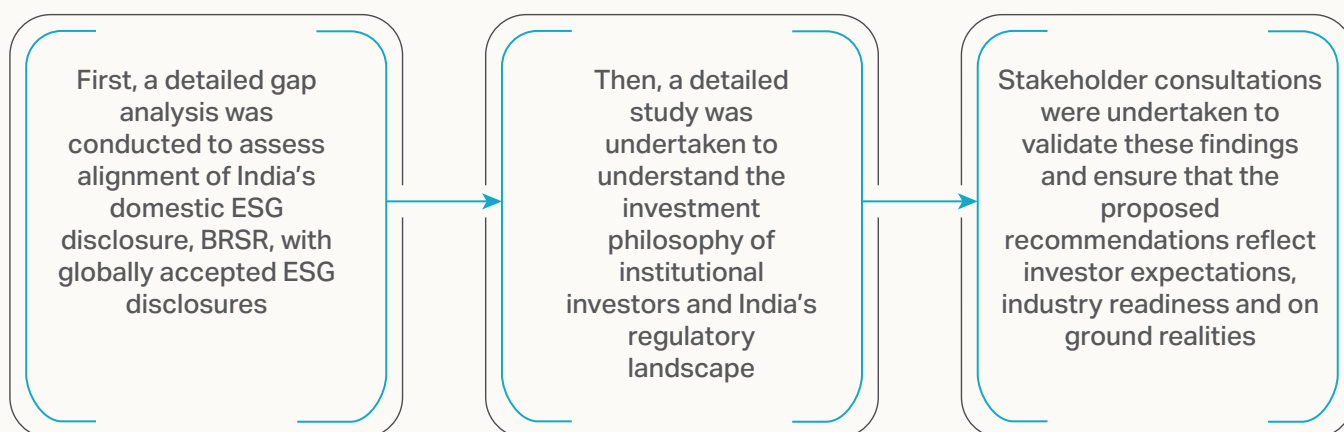
2.

Analysis & Findings

The insights gathered during the literature review while developing the study clearly highlighted the growing imperative for harmonisation between domestic ESG disclosure norms and international reporting frameworks. Given the need for increasing convergence between global and domestic sustainability frameworks, this report makes sector specific recommendations to enhance BRSR's alignment with the IFRS Standards.

The analysis in this report centres around the key decision area of the 'Requirements' or the 'what?' as outlined in the Jurisdictional Roadmap Development Tools, specifically analysing the 'Degree of Alignment' feature. Other major decision areas such as regulatory processes, reporting entities and readiness fall under the purview of respective regulatory authorities and may be addressed separately through the broader application of the Roadmap Development Tool.

The analytical approach for this report followed a multi-layered methodology:



Together, these steps formed a structured methodology for generating actionable, context specific recommendations to improve quality, comparability, and decision usefulness of ESG disclosures in India.

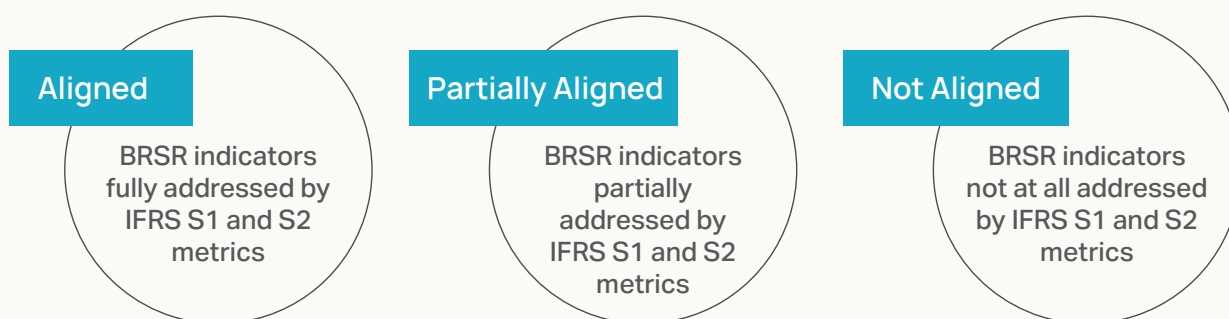
2.1 Approach to Analysis

A structured methodology was followed to systematically assess BRSR's alignment with global ESG disclosure frameworks. Through this approach the study identified disclosure opportunities, evaluated sector specific materiality, and developed actionable recommendations to enhance the flow of sustainable finance into India.

Step 1:

Gap Analysis between BRSR and IFRS S1 and S2

As the first step, BRSR indicators were mapped with IFRS S1 and S2 and SASB Standards, including their sector wise metrics. Each IFRS metric was matched with the existing BRSR principles and indicators to assess the degree of alignment and categorised as follows:



This process aimed to ascertain the extent to which global norms are reflected in India's domestic reporting frameworks and identify sectors that exhibit greater opportunities for enhancement.

Step 2:

Analysis of Investment Philosophy

Investment philosophies of 24 institutional investors: 14 international and 10 domestic, were studied. Common ESG parameters across these investment philosophies were identified to determine the criteria most frequently regarded as financially material by investors. This step was aimed at ensuring that recommendations are closely aligned with investor expectations, particularly those that influence capital allocation decisions.



Sample International Investors Studied

- | | |
|---------------------------------------|----------------------------------|
| • First Abu Dhabi Bank | • Allianz Global Investors |
| • Qatar National Bank | • Norges Bank |
| • Sumitomo Mitsui Banking Corporation | • Barclays |
| • Mitsubishi UFJ Financial Group | • Deutsche Bank |
| • Mizuho Financial Group | • European Investment Fund (EIF) |
| • Goldman Sachs Asset Management | • HSBC Bank |
| • Amundi | • DBS Bank |



Sample Domestic Investors Studied

- SBI Mutual fund
- Axis Mutual Fund
- ICICI Prudential Mutual Fund
- Multiples Equity
- Avaana Capital
- UTI Mutual Fund
- Quantum Mutual Fund
- Bank of Baroda
- EAAA Alternatives
- Tata Capital

Step 3:

Mapping with Other Global ESG Disclosures

To further validate the proposed disclosure recommendations and ensure consistency with global best practices, they were mapped to Global Reporting Initiative (GRI) Standards. The analysis also considered other internationally recognised frameworks such as the International Finance Corporation (IFC) Performance Standards, Science Based Target Setting Initiative (SBTi), European Sustainability Reporting Standards (ESRS), and Climate Disclosure Standards Board (CDSB).

This analysis served two main objectives:

- To provide a globally recognised benchmark to assess whether the recommendations align with other international sustainability reporting frameworks.
- To demonstrate the ease of adoption of proposed recommendations given that Indian companies already disclosing against GRI standards may have the necessary systems and processes in place to report on recommendations as per this report.

Step 4:

Study of India's Regulatory Landscape

A study of the existing laws, regulations, and standards in India helped develop an overarching understanding of how the proposed disclosure recommendations align with the current regulatory landscape. This included a review of the key ESG related legal frameworks, national policies, and sector specific compliance obligations. The objective was to ensure that the recommendations remain consistent with the prevailing national targets and policy and remain relevant to the Indian context.

Step 5:

Stakeholder Consultation

Multiple rounds of stakeholder consultations were undertaken to complement the desk-based research and ensure practical relevance of recommendations. Stakeholder groups were carefully identified based on their roles either as ESG information providers or users. This approach enabled a comprehensive understanding of the ESG reporting ecosystem. The providers, primarily industry members, offered insights into the feasibility and challenges of data collection and reporting. Concurrently, information users, including institutional investors and asset managers, provided a critical perspective on the relevance of data for making informed investment decisions. This balance ensured that final recommendations remain actionable for the preparers and valuable for ESG data users.

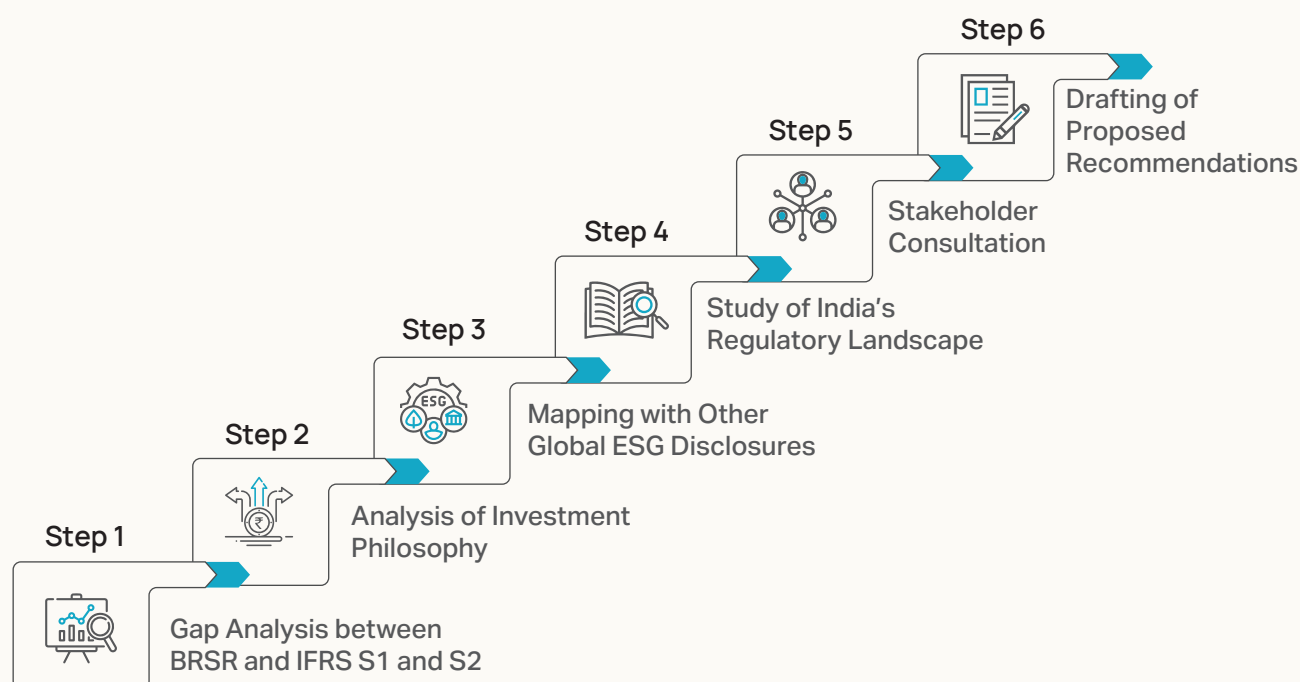
- The first consultation involved a broad stakeholder base, including industry representatives, sustainability leads from corporates, and both domestic and international institutional investors. This group offered cross sectoral feedback on overall direction of recommendations, challenges in ESG reporting, alignment with international expectations, and opportunities to strengthen sector level disclosures.
- The second consultation was held specifically with institutional investors, including mutual funds, private equity firms, and ESG integrated asset managers. This group provided targeted inputs on sector specific relevance and usefulness of the proposed recommendations.
- The third consultation focused exclusively on industry members and company's sustainability practitioners. Consultations with this group helped evaluate the feasibility as well as compliance implications of incorporating the proposed recommendations into the BRSR. Their operational insights helped identify potential reporting challenges and capacity building needs.

The recommendations were refined based on the stakeholder inputs to make them implementable, material, and aligned with market expectations.

Step 6: Drafting of Proposed Recommendations

Based on the above steps, both general and sector specific recommendations were proposed to enhance BRSR's alignment with IFRS S1 and S2. These recommendations are expected to enhance clarity, comparability, and usefulness for decision-making in sustainable investments, enabling India to attract more ESG linked capital. Figure 3 is a graphical representation of the methodology.

Figure 3 : Methodology

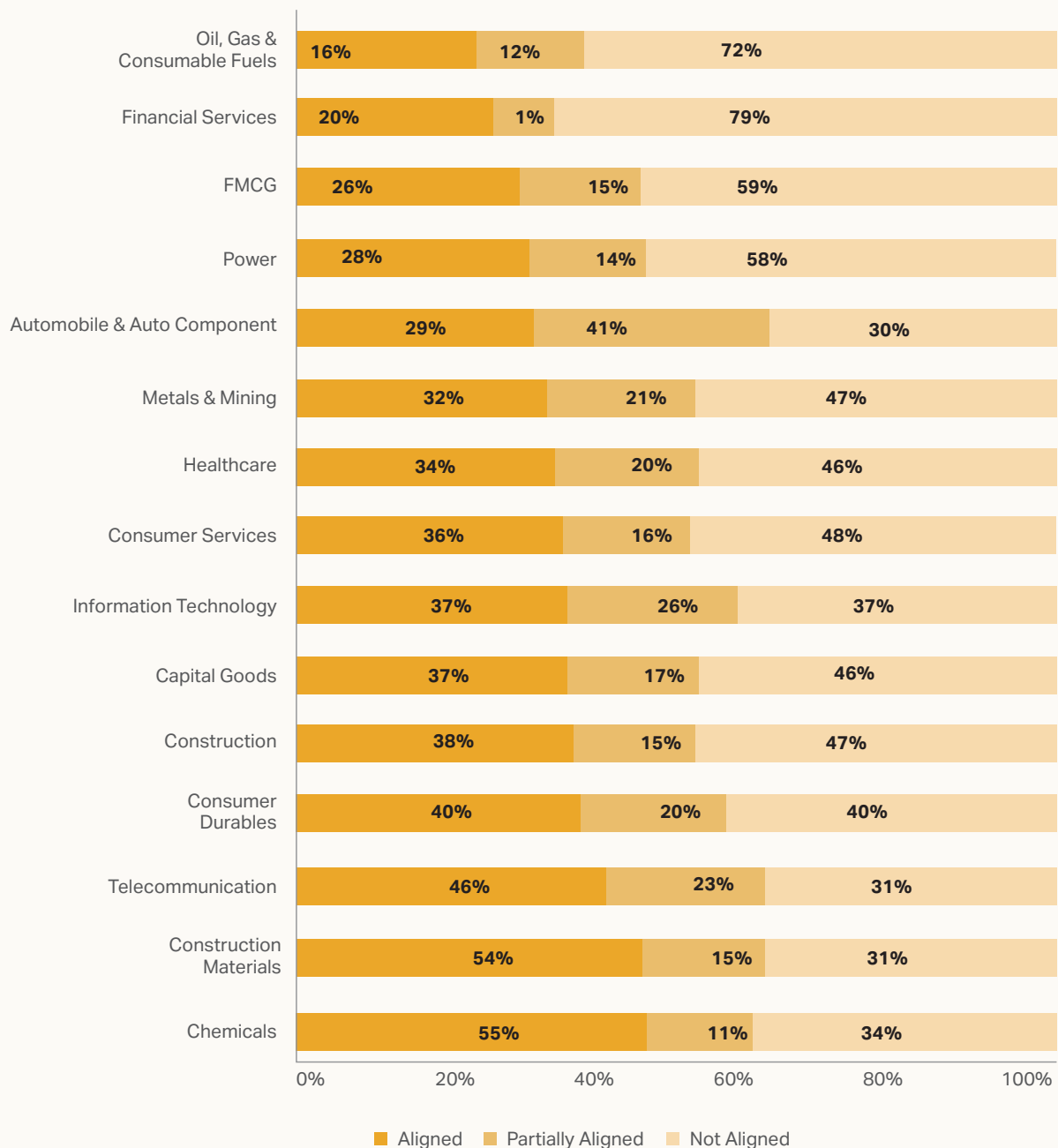


Source: Analysis done by CII CESD

2.2 Key Findings

The analysis reveals that BRSR captures several elements of IFRS, however, opportunities for further alignment across key sectors remains. The findings underscore the need for a more materiality driven approach, enhanced decision usefulness, and greater international alignment to make BRSR effective for institutional investors and enhance Indian industry's access to international finance. Targeted sector specific enhancements could strengthen comparability with global standards and improve investor confidence in ESG disclosure. Figure 4 represents the current alignment of BRSR with IFRS across key sectors.

Figure 4 : Present Alignment of BRSR with IFRS S1 and S2



Source: Analysis done by CII CESD

1 Key ESG Themes Emerge in Institutional Investment Philosophies

An analysis of the investment philosophies of 24 leading institutional investors revealed strong preference towards long term value creation, with an emphasis on environmental sustainability, social responsibility, and transparent governance practices.



Environmental Priorities

Investors demonstrate a clear preference for companies committed to green investments, renewable energy adoption, and emission reduction strategies. Emphasis is placed on circular economy practices, including energy efficient products, recycling, and responsible waste management.



Social Considerations

Fair labour practices, occupational health and safety, and equitable supply chain management emerge as priority areas. Increased attention is being paid to protection of indigenous rights, data privacy, and consumer safety.



Governance Expectations

Investors favour strong board independence, shareholder rights protection, tax transparency, and effective audit mechanisms. Ethical business conduct and the integration of ESG principles into core business strategy are viewed as essential for long term resilience and value creation.

2 Opportunity to Expand Sector Wise Alignment

An analysis of 15 key sectors reveals that BRSR offers immense potential to enhance alignment with IFRS:

- On average, only about 35% of relevant IFRS metrics are either fully or partially aligned with the current BRSR.
- Five sectors have less than 30% alignment, with oil, gas & consumable fuels having the least alignment.
- Eight sectors have 30% to 50% alignment, and only two sectors have more than 50% alignment, with the chemicals sector at 55% and construction materials at 54%.
- Ten out of Fifteen sector studied show less than 40% alignment. Hence providing substantial opportunity to expand sector wise alignment.

3 Hard-to-Decarbonize Sectors Exhibit Opportunities for Enhanced Alignment

Currently, alignment in hard-to-decarbonize sectors remains limited, with only 16% in oil, gas & consumable fuels, 28% in power, and 32% in metals & mining. Given their importance to India's decarbonization pathways and the capital intensive nature of these sectors, alignment with global ESG disclosure standards will significantly boost investors confidence and support the mobilisation of sustainable finance in these sectors.

4 Manufacturing Sectors Demonstrate Moderate and Varied Alignment

Manufacturing and industrial sectors demonstrate a comparatively better, yet uneven, alignment:

- Sectors such as automobile & auto components (29% aligned, 41% partially aligned), construction material (54% aligned, 15% partially aligned), and chemicals (55% aligned, 11% partially aligned) demonstrate a relatively higher alignment.
- However, capital goods (37% aligned, 46% not aligned) and consumer durables (40% aligned, 40% not aligned) still have considerable room to enhance disclosures.

These levels of alignment indicate that while companies are addressing several relevant ESG topics, there is scope to further enhance the granularity and specificity of reporting.

5 Financial Sector Requires Increased Preparedness to Disclose and Manage Financed Emissions

The financial services sector could play a pivotal role in enabling India's low carbon transition through climate aligned capital allocations. While several global financial institutions have already set targets to reduce their financed emissions, Indian banks and financial institutions are still at an early stage of preparedness. During stakeholder consultations, investors acknowledged the importance of financed emissions disclosure but also highlighted operational and data challenges in implementation. Strengthening institutional capabilities and establishing sector wide frameworks will be essential to align with global expectations and improve the sector's access to sustainable finance. In this regard, adoption of Reserve Bank of India's 'Draft Disclosure framework on Climate Related Financial Risks' (RBI, 2024) guidelines could serve as a powerful instrument to prepare India's financial sector for a smooth transition to a low carbon economy.

6 Hybrid Sectors Reflect Dual Challenges in ESG Reporting

Consumer services and FMCG sectors, which operate across both manufacturing and service value chains, demonstrate mid-level alignment with IFRS S1 and S2 but encounter distinct challenges in data collection and reporting. With 36% disclosure aligned and 48% not aligned, consumer services sector offers potential for greater alignment to enhance transparency in areas of customer engagement, data privacy and service accessibility. FMCG, while largely manufacturing driven, incorporates critical service elements such as retail, distribution, and consumer safety. It reports 26% alignment, with 15% partially aligned and 59% not aligned, indicating opportunities to standardize and enhance reporting on product safety, packaging sustainability, and supply chain traceability.

7 B2C Sectors Exhibit Consistent Alignment Compared to B2B Sectors

B2C sectors such as consumer durables (40% aligned), telecommunication (46% aligned), and consumer services (36% aligned) reflect moderate alignment, particularly on issues such as product responsibility, customer welfare, and data privacy. In contrast, B2B sectors display a wider disparity, with chemicals (55% aligned) and construction material (54% aligned) demonstrating strong alignment, but sectors such as power (28% aligned) and oil, gas & consumable fuels (16% aligned) exhibit limited alignment. This pattern highlights the need for targeted efforts to address areas for enhanced disclosures in key B2B sectors.

8 Integration of Financial Materiality into Disclosure on Resource-efficient Products

BRSR focuses on efficient use of resources and product sustainability but does not capture the financial outcomes, such as revenue generated from resource efficient products. IFRS, being more investor-driven, adds an important angle of financial materiality by adding indicators that reflect how sustainability-linked products contribute to better financial performance. Incorporating similar indicators into BRSR would provide a clearer picture at product-level value creation.

9 Opportunities to Strengthen Customer Centric Considerations

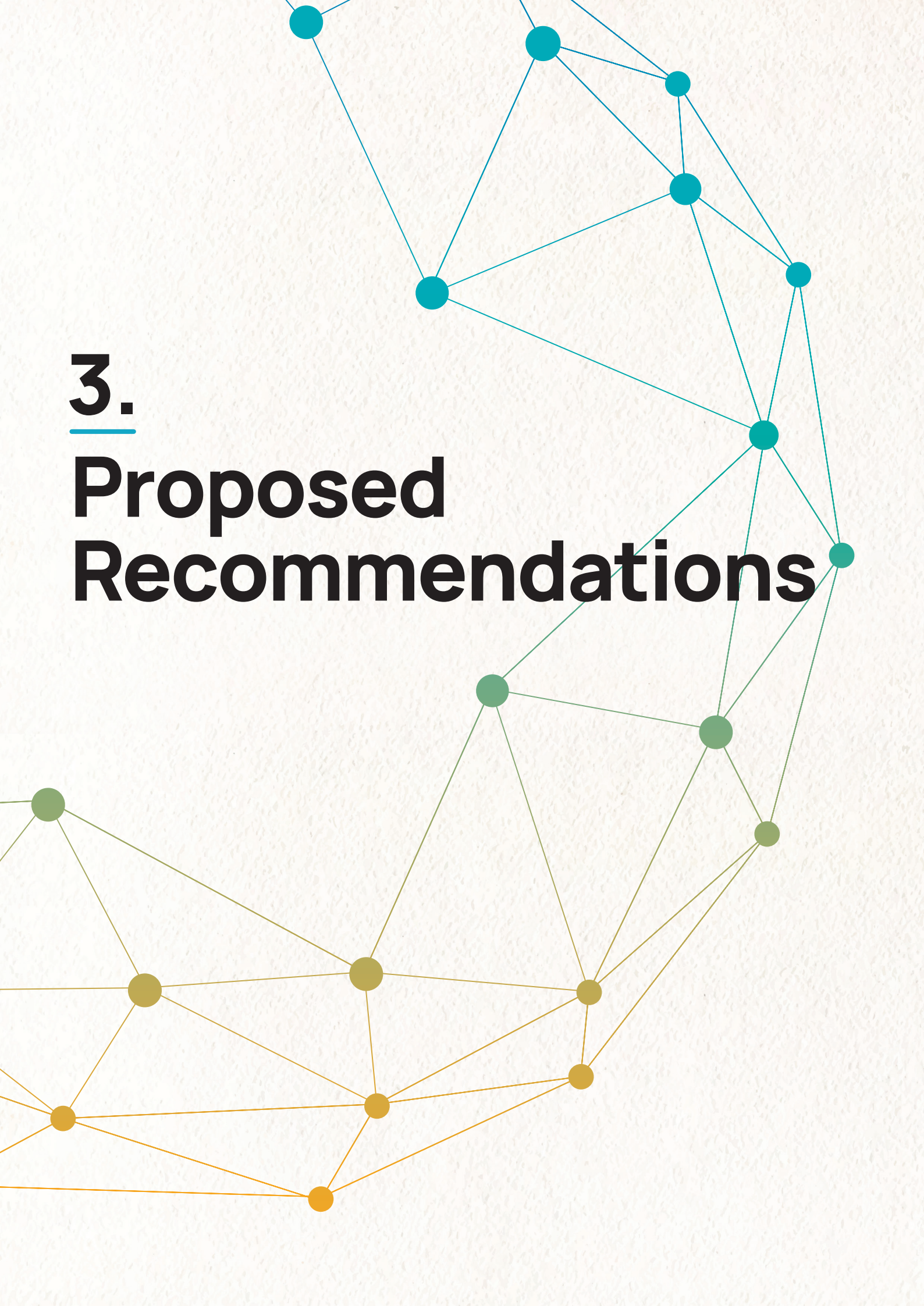
IFRS places strong emphasis on customer related considerations across sectors, such as customer safety in automobile industry or data protection in information technology and healthcare. In contrast, while BRSR addresses broader social responsibilities, there's a clear opportunity to enhance its focus on these customer-centric dimensions. Integrating specific indicators on customer welfare, product safety, and data privacy would strengthen alignment with global investor expectations, offer clearer insights into material risks and value creation from customer relationships.

10 Inclusion of Emission Reduction Targets and Strategies

IFRS encourages companies to disclose emission reduction targets, transition plans, and progress against stated goals as part of the core climate related disclosures. This is a recurring theme across many sectors, reflecting its importance in assessing transition readiness. BRSR also recognizes the importance of emission reduction by requiring emissions related disclosures under General Disclosures in case it is identified as a material risk. Building on this foundation, integrating specific, target-based disclosure requirements on emission reduction strategies across sectors could enhance the transition preparedness and strengthen alignment with global standards.

11 BRSR Integrates MSMEs into ESG Value Chain Disclosures

IFRS does not specifically address MSMEs or value chain disclosures. In contrast, BRSR mandates disclosure of input materials sourcing from MSMEs, promoting transparency and responsible procurement across value chains. SEBI's mandate on BRSR Core and ESG Disclosure for Value Chain further strengthen this requirement (SEBI Circular, 2023a). This approach supports broader ESG adoption, enhances visibility towards the supply chain and could improve access to sustainable capital.



3.

Proposed Recommendations

The proposed recommendations identify key indicators that could be integrated into the BRSR framework to facilitate alignment and enhance the flow of sustainable finance.

The recommendations are structured as follows:

- The first part details general proposals applicable across sectors
- The second outlines sector specific insights.

3.1 General Proposals: Applicable Across Sectors

A comparative analysis of BRSR & IFRS S1 and S2 reveals that many recommendations are cross sectoral and material issues are relevant to multiple sectors. Nine key cross sectoral recommendations are identified from this analysis, which address material issues common to most sectors. These recommendations are backed by clear rationales and have been mapped with existing Indian policies, regulations, and reporting standards to demonstrate their potential to enhance investor confidence.

While the analysis is based primarily on a comparison of BRSR and IFRS, the recommendations were also mapped with other frameworks like GRI to promote global relevance and consistency in ESG reporting.

Proposed Recommendation 1: Anti-Competitive Behaviour

Anti-competitive behaviour encompasses actions like price-fixing, bid-rigging, monopolistic practices, and exclusionary tactics taken by businesses that limit or eliminate competition in a market, often to gain unfair advantage or dominate the market. Preventing such behaviour is critical to maintain fair and transparent market dynamics. Robust governance policies and practices ensure a level playing field that fosters innovation, enhances product quality, supports competitive pricing, and ultimately protects consumer interests. These measures contribute to stronger market integrity and sustainable economic growth.

Proposed Key Performance Indicator (KPI)

Policies and operational practices to prevent anti-competitive behaviour.

Key Alignment Strategy

Pillars	Alignment Strategy
Investment Philosophies	• Institutional investors prioritize good governance, fair market conduct, and disclosure of anti-competitive policies reinforcing their focus on corporate ethics and transparency. • Such disclosures enable portfolio level assessments of governance quality, and legal risk preparedness, reinforcing investor confidence in long term market compliance and sustainable value creation.
International Reporting Standards	• GRI 206-1: Legal action for anti-competitive behaviour, anti-trust, and monopoly practices, promotes disclosure of legal proceedings related to anti-competitive conduct and supports transparency in corporate governance and market ethics.
India's Policy/ Regulations/ Standards	• The Competition (Amendment) Act 2023 is designed to promote and sustain fair competition in the marketplace by preventing anti-competitive practices and protecting consumer interests. Compliance with this Act helps minimize legal risks for companies by ensuring adherence to competition laws and avoiding penalties related to unfair market conduct.

Where does it fit in BRSR?

BRSR Section & Principle	Current BRSR Status	Proposed Integration in BRSR
Section C: Principle Wise Performance Disclosure Principle 1: Businesses should conduct and govern themselves with integrity, and in a manner that is ethical, transparent and accountable.	Essential Indicator 4 E4: Details of anti-corruption and anti-bribery policy	Principle 1: Essential Indicator • Policies and practices to prevent anti-competitive behaviour

Sectoral Relevance

This recommendation can strengthen all 15 sectors analysed: power, oil, gas & consumable fuels, metals & mining, automobile & auto components, chemicals, construction materials, consumer durables, capital goods, FMCG, construction, information technology, telecommunication, consumer services, healthcare, and financial services.

Proposed Recommendation 2: Management and Performance Disclosure of Greenhouse Gas (GHG) Emissions

A transparent, well-defined strategy for reducing GHG emissions is critical to understanding an entity's decarbonization pathways. Emissions arise either directly through an entity's operations (Scope 1), indirectly from purchased energy (Scope 2), and across the broader value chain, including supply chain and product use (Scope 3). Clear disclosure of GHG reduction strategies and targets helps investors understand how companies plan to cut emissions across operations, energy use, and value chains. Regular performance tracking demonstrates accountability, demonstrates progress, and supports timely corrective action.

Proposed Key Performance Indicator (KPI)

Long term and short-term strategies or plan for reducing GHG emissions across Scope 1,2 and 3 including:

- Defined emission reduction targets set by the entity (either absolute/intensity based) with specified baseline and target year
- Performance analysis against these targets, including yearly progress, deviation and corrective actions undertaken

Key Alignment Strategy

The proposed recommendation was mapped across the 3 pillars of investor expectations, international standards, and Indian policies to ensure it remains robust, practical, and widely applicable across sectors.

Pillars	Alignment Strategy
Investment Philosophies	- Leading international banks and asset managers such as Amundi, Allianz Global Investors, First Abu Dhabi Bank (FAB), and Norges Bank incorporate principles of absolute emission reduction, avoided emissions (tCO₂e) quantification, and alignment with science-based targets and strategies in their ESG investment strategies. - For instance, Amundi applies specific emissions and energy KPIs to guide entities toward credible decarbonization roadmaps. - Domestic investors such as SBI Mutual Fund recognize climate change as a material financial risk. - This alignment supports decarbonization priorities embedded in ESG approaches, linking corporate action with portfolio resilience.
International Reporting Standards	GRI 305: Emission (2016), provides guidance on disclosing emission impacts and management practices. Science Based Target Setting Initiative (SBTi), encourages entities to set measurable GHG reduction targets across Scope 1, 2, and 3 emissions, aligning with climate science. At present, 460 Indian entities are part of the SBTi initiative.
India's Policy/ Regulations/ Standards	India's Updated NDCs 2030 and Net-Zero Ambition 2070: India's updated NDCs commit to reducing the GDP's emission intensity by 45% by 2030, relative to the 2005 baseline (GOI, 2022). Perform, Achieve, and Trade (PAT) scheme: A market-based mechanism that mandates sector specific energy consumption reduction targets, over a three year compliance cycle (India GHG Program, 2015).

Where does it fit in BRSR?

BRSR Section & Principle	Current BRSR Status	Proposed Integration in BRSR
Section C: Principle Wise Performance Disclosure Principle 6: Businesses should respect and make efforts to protect and restore the environment	Essential Indicator E8: Details of projects related to reducing Green House Gas emissions	Principle 6: Essential Indicator - Clear long term and short term GHG reduction plans - Defined reduction targets with baseline and target years - Regular performance analysis including progress, deviations, and corrective measures

Sectoral Relevance

This recommendation is applicable across all 15 sectors analysed: power, oil, gas & consumable fuels, metals & mining, automobile & auto components, chemicals, construction materials, consumer durables, capital goods, FMCG, construction, information technology, telecommunication, consumer services, healthcare, and financial services.

Proposed Recommendation 3: Product Circularity & Revenue Based Disclosure

Recycling plays a critical role in environmental protection and aligns with evolving consumer preferences, regulatory requirements, and investor expectations. This recommendation encourages companies to disclose the percentage of total revenue generated from sale of products that are reusable or recyclable at the end of their life cycle. While BRSR currently focuses on disclosing the amount of recycled or reused input materials used in production, this recommendation shifts the focus to the revenue generated from the final products sold. It aims to capture the financial significance of sustainable products within a company's overall portfolio and assess progress towards circular economy practices.

Proposed Key Performance Indicator (KPI)

Revenue generated from Reusable and recyclable products sold.

Key Alignment Strategy

Pillars	Alignment Strategy
Investment Philosophies	- Product stewardship is globally recognized as a core pillar of responsible investment strategies as it underscores accountability across the product lifecycle - Leading international investors such as Amundi, HSBC, and Sumitomo Mitsui Banking Corporation have adopted approaches that emphasise material circularity, recycling infrastructure, and sustainable consumption. - This recommendation offers decision useful information consistent with investors' existing sustainability frameworks, bridging global best practices with material local risks.
International Reporting Standards	GRI 301-2: Recycled Input Materials Used, encourages entities to disclose the percentage of recycled input materials in a company's primary products and services, but does not ask for revenue share. European Sustainability Reporting Standards (ESRS E5-5: Resource Outflow) require entities to disclose resource outflows, including reusable and recyclable materials and products placed on the market, though this is weight based rather than revenue based.
India's Policy/ Regulations/ Standards	Extended Producer Responsibility (EPR) Framework: The EPR Framework requires manufacturers, importers, and brand owners to manage end-of-life products, mandating collection, recycling, and disposal under regulations for plastics, e-waste, batteries, and tyres. (Malu, 2025). E-Waste (Management) Rules, 2022: These rules help implement the EPR mechanism for e-waste, defining producer responsibilities for collection, channelling to authorised recyclers, and meeting recovery targets aligned with current technologies (MoEF&CC, 2023).

Where does it fit in BRSR?

BRSR Section & Principle	Current BRSR Status	Proposed Integration in BRSR
Section C: Principle Wise Performance Disclosure Principle 2: Businesses should provide goods and services in a manner that is sustainable and safe	Leadership Indicator L3: Details of percentage of recycled or reused input material to total material (by value) used in production or providing services	Principle 2: Leadership Indicator Revenue generated from Reusable and recyclable products sold.

Sectoral Relevance

This recommendation is applicable across 13 of the 15 sectors analysed: power, oil, gas & consumable fuels, metals & mining, automobile & auto component, chemicals, construction materials, consumer durables, capital goods, FMCG, construction, information technology, telecommunication, and consumer services.

However, the recommendation is not applicable to the healthcare sector, due to prevalence of single use medical products which limit recyclability, and to the financial services sector, which does not involve production or sale of physical goods.

Proposed Recommendation 4: Management of Critical Materials

Managing risks related to critical materials is essential for continuity of businesses operating in the complex global supply chains. Critical materials, such as rare earth elements, lithium, cobalt, and platinum group metals, are integral to advanced manufacturing, clean energy, and digital technologies. Their extraction and trade, however, entail significant environmental, social, and geopolitical risks. Clear guidelines are required for establishing a comprehensive risk management process that identifies and mitigates risks associated with critical materials across sectors.

Proposed Key Performance Indicator (KPI)

Management of risk identification and mitigation measures related to use of critical materials.

Key Alignment Strategy

Pillars	Alignment Strategy
Investment Philosophies	- Global institutions such as Barclays and HSBC Bank have incorporated environmental risk management, including chemical safety and hazardous material handling, into their ESG frameworks. - This recommendation aligns with investment strategies that prioritize primary resource security, ethical sourcing, and rigorous supply chain due diligence. - It bridges corporate safety practices with investor expectations on liability reduction and long-term operational stability, reinforcing alignment between sustainability and financial materiality.
International Reporting Standards	GRI 308-1: Supplier Environmental Assessment requires reporting on supplier related environmental risks. OECD Due Diligence Guidance for Responsible Supply Chains of Minerals strengthens due diligence to prevent conflict, human rights violations, and environmental degradation.
India's Policy/ Regulations/ Standards	The Mines and Minerals (Development and Regulation) Amendment Act, 2023, promotes responsible exploration and sustainable use of critical minerals. (Ministry of Mines, 2025a). National Critical Mineral Mission integrates sustainability and self reliance in mining, processing, and recycling of strategic minerals for low carbon technologies. (Ministry of Mines, 2025b).

Where does it fit in BRSR?

BRSR Section & Principle	Current BRSR Status	Proposed Integration in BRSR
Section C: Principle Wise Performance Disclosure Principle 2: Businesses should provide goods and services in a manner that is sustainable and safe	Essential Indicator E2: Details of procedures in place for sustainable sourcing and percentage of materials sourced sustainably	Principle 2: Essential Indicator - Description of risk identification practices related to use of critical materials. Principle 2: Leadership Indicator - Description of risk mitigation practices related to use of critical materials.

Sectoral Relevance

This recommendation is applicable across 12 of the 15 sectors analysed: automobile & auto component, information technology, healthcare, power, capital goods, consumer durables, oil, gas & consumable fuels, metals & mining, chemicals, construction materials, construction, and telecommunication.

It is not applicable to sectors such as FMCG, consumer services and financial services that do not directly or indirectly involve extraction or consumption of critical materials.

Proposed Recommendation 5: Accidental Release and Management of Hazardous Waste

Accidental releases of hazardous substances, including biological, chemical, and radiological materials, pose significant risks to human health and environment. Prompt and effective emergency response and remediation are essential to protect ecosystems, ensure public safety, and maintain regulatory compliance. Embedding these considerations into enterprise-wide risk management frameworks can significantly strengthen an organisation's environmental oversight and operational resilience.

Proposed Key Performance Indicator (KPI)

Accidental releases involving hazardous substances, including the recovery method and remedial measures undertaken.

Key Alignment Strategy

Pillars	Alignment Strategy
Investment Philosophies	- Integration of hazardous material risk mitigation within ESG investment frameworks is evident in policies of institutions such as Barclays and HSBC. - This recommendation supports investment strategies that prioritize environmental stewardship, verified hazardous waste management, and pollution prevention. - Transparent disclosure of hazardous releases and remedial actions emphasizes risk mitigation, minimizes liability exposure - By linking corporate safety practices with investor expectations on liability reduction and long-term operational stability it reinforces alignment between sustainability and financial materiality.
International Reporting Standards	GRI 306-1 (waste generation and significant waste related impact), guides reporting on waste generation. GRI 306-2 (management of significant waste related impact), focuses on managing waste related impacts. Climate Disclosure Standards Board (CDSB) Framework requires reporting on spillages of hazardous wastes that could have an environmental and social impact (Requirement 4).
India's Policy/ Regulations/ Standards	The Hazardous Waste (Management, Handling and Transboundary Movement) Rules, 2008 govern the management of hazardous and other wastes and apply to all occupiers of facilities involved in generation, handling, collection, storage, packaging, transportation, usage, treatment, processing, recycling, recovery, pre-processing, utilization, sale, transfer, or disposal of such wastes (MoEF&CC, 2008).

Where does it fit in BRSR?

BRSR Section & Principle	Current BRSR Status	Proposed Integration in BRSR
Section C: Principle Wise Performance Disclosure Principle 6: Businesses should respect and make efforts to protect and restore the environment	Essential Indicator E9: Details of total waste generation (including hazardous waste) in current and previous financial years E10: Details of waste management practices adopted by the entity	Principle 6: Essential Indicator • Disclose the total number of accidental releases of hazardous substances • Disclose the quantity of accidental hazardous substances released and the quantity recovered • Describe the recovery methods and remedial measures taken for accidental releases of hazardous substances

Sectoral Relevance

This recommendation is applicable across 15 sectors analysed: power, oil, gas & consumable fuels, metals & mining, automobile & auto component, chemicals, construction materials, consumer durables, capital goods, FMCG, construction, information technology, telecommunication, consumer services, healthcare and financial services.



Proposed Recommendation 6: Resource Efficiency in Product Use Phase

Resource efficiency focuses on optimizing material and energy use during both production and use phases to minimize raw material consumption and energy demand while maximizing productivity and product quality. Enhancing resource efficiency during the use phase is especially important for reducing lifecycle environmental impacts, especially in energy-intensive sectors. Tracking revenue from use-phase resource efficient products demonstrates an organization's commitment to sustainable product innovation, and responsiveness to consumer and regulatory expectations. Such tracking also informs decisions on product development, marketing, and resource allocation to prioritize sustainable offerings. For investors, revenue from resource efficient products is a tangible measure of a company's progress in energy conservation, lifecycle impact reduction, and alignment with climate goals.

Proposed Key Performance Indicator (KPI)

Revenue generated from products which are resource efficient during use phase, along with strategies to promote their adoption.

Key Alignment Strategy

Pillars	Alignment Strategy
Investment Philosophies	- Leading asset managers such as Allianz, Amundi, and Goldman Sachs prioritize investments in solutions that enhance resource efficiency and reduce lifecycle environmental impacts. - Allianz actively engages with companies to improve product energy efficiency and durability. - This recommendation supports investment strategies focused on energy conservation, life cycle impact reduction, and resource efficiency. - It enables investors to assess how companies derive commercial value from sustainable product innovation while evaluating their own alignment with climate goals and circular economy principles.
International Reporting Standards	GRI 302-5: Reduction in energy requirements of products and services, guides companies in disclosing efforts to reduce energy consumption through product and service design improvements. Carbon Disclosure Project (CDP) addresses emissions from use of goods and services sold by the reporting entity during the reporting year under Category 11: Use of Sold Products.
India's Policy/ Regulations/ Standards	BEE Star Labelling Program managed by the Bureau of Energy Efficiency (BEE) under the Ministry of Power promotes energy efficiency by rating appliances and equipment on a 1 to 5 star scale, with five stars indicating the highest efficiency. Eco Mark Scheme is a voluntary certification awarded to consumer products that meet prescribed environmental criteria in addition to BIS quality standards. The certification follows a cradle to grave approach, assessing the product's environmental impact from raw material extraction to production, usage and final disposal (CPCB, 1991).

Where does it fit in BRSR?

BRSR Section & Principle	Current BRSR Status	Proposed Integration in BRSR
Section C: Principle Wise Performance Disclosure Principle 6: : Businesses should respect and make efforts to protect and restore the environment	Leadership Indicator L4: Details of resource efficiency measures undertaken by the entity	Principle 6: Leadership Indicator Revenue generated from products that are resource efficient during use phase

Sectoral Relevance

It applies across 13 sectors analysed i.e. automobile & auto component, information technology including hardware, power, capital goods, consumer durables, oil, gas & consumable fuels, metals & mining, chemicals, construction materials, construction, FMCG, healthcare and consumer services.

However, it is not applicable to telecommunication and financial services sectors, as their primary activities do not directly involve production or sale of physical goods where use phase resource efficiency is a concern.

Proposed Recommendation 7: Sustainable Project Planning and Risk Management

Integrating climate change and environmental risk considerations into core project planning is vital for strengthening long-term business resilience and reducing dependence on critical resources. Operational costs, regulatory compliance, and corporate reputation are being increasingly influenced by energy and water consumption patterns, as well as exposure to climate related risks such as extreme weather events and resource scarcity. Embedding environmental risk assessment from early stages of project planning, including facility design, equipment upgrades, and technology deployment, enables companies to prioritize energy and water efficiency, minimize emissions, and anticipate future environmental challenges. This proactive approach will help improve operational efficiency while ensuring regulatory alignment and environmental stewardship.

Proposed Key Performance Indicator (KPI)

Strategies for integrating and managing climate change and environmental considerations in project planning.

Key Alignment Strategy

Pillars	Alignment Strategy
Investment Philosophies	- Investors closely monitor how companies integrate environmental and climate risks at the project planning stage, especially in infrastructure, energy, and industrial capital allocation. - This recommendation promotes disclosure of risk integration processes, improvements in energy and water efficiency, and reduction of operational footprint. - It enables investors to evaluate the environmental sustainability of operational assets and infrastructure more effectively.
India's Policy/ Regulations/ Standards	Environmental Impact Assessment (EIA)/ Environmental Management Plan (EMP) mandates assessment and management of environmental risks and impacts during project planning and development stages, ensuring sustainable resource use and compliance with statutory norms.

Where does it fit in BRSR?

BRSR Section & Principle	Current BRSR Status	Proposed Integration in BRSR
Section C: Principle Wise Performance Disclosure Principle 6: Businesses should respect and make efforts to protect and restore the environment	-	Principle 6: Leadership Indicator - Process to incorporate environmental risk and climate change considerations in project planning - Approach to assess risks and mitigation measures undertaken

Sectoral Relevance

It applies across 13 sectors analysed including power, oil, gas & consumable fuels, metals & mining, automobile & auto component, chemicals, construction materials, consumer durables, capital goods, FMCG, construction, healthcare, telecommunication, and consumer services. However, it doesnot applicable to sectors such as information technology and financial services.

Proposed Recommendation 8: Labour Relations and Work Stoppages

Work stoppages, such as strikes or lockouts, often arise from unresolved labour disputes or systemic challenges in labour management. This can significantly affect productivity, workforce morale, business continuity and organizational resilience. Transparent and comprehensive disclosure of labour related disruptions, including the number of work stoppages and underlying causes is vital in understanding an organization's labour relations and workforce dynamics. Such disclosure reinforces the need to embed fair labour practices into human resource management frameworks to foster constructive employee engagement and minimize operational risks arising from labour disputes.

This recommendation also aligns with the International Labour Organization's Guidelines for a Just Transition towards Environmentally Sustainable Economies and Societies for All. The guidelines promote progress toward a low carbon economy while emphasizing worker rights protection. They also address vulnerabilities among women, youth, Indigenous peoples, the elderly, refugees, informal workers, and workers in small and medium enterprises (SMEs).

Proposed Key Performance Indicator (KPI)

Labour disruptions and total duration of work stoppages, including their causes, impact on production, and corrective actions taken.

Key Alignment Strategy

Pillars	Alignment Strategy
Investment Philosophies	- Fair labour practices, social risk mitigation, and workforce stability are central themes in ESG investment philosophies of several global and domestic investors, including Barclays, DBS Bank, and Axis Mutual Fund. - The recommendation on labour disruptions, root causes, and remediation, links directly to investor expectations on ethical employment practices and social risk transparency. - It helps investors evaluate the robustness of a company's HR framework, operational resilience, and alignment with just transition principles.
India's Policy/ Regulations/ Standards	The Industrial Disputes Act, 1947 mandates registration and investigation of industrial disputes and specifies procedures for resolving grievances through conciliation, arbitration, or adjudication (Ministry of Labour and Employment, 1947). Mines Act, 1952 regulates the working conditions in the mining industry in India. It provides for safety, health, and welfare of workers employed in mines and ensures compliance with labour standards (Ministry of Labour and Employment, 1952).

Where does it fit in BRSR?

BRSR Section & Principle	Current BRSR Status	Proposed Integration in BRSR
Section C: Principle Wise Performance Disclosure Principle 3: Businesses should respect and promote the well-being of all employees, including those in their value chains	-	Principle 3: Essential Indicator • Number and duration of labour disruptions in past financial year. • Causes of each work stoppage, impact on production and grievance mechanisms put in place.

Sectoral Relevance

This recommendation applies across all 15 sectors analysed i.e. power, oil, gas & consumable fuels, metals & mining, automobile & auto component, chemicals, construction materials, consumer durables, capital goods, FMCG, construction, information technology, telecommunication, consumer services, healthcare, and financial services.

Proposed Recommendation 9: Community Engagement and Due Diligence on Indigenous Land

Indigenous lands refer to territories traditionally owned, occupied, or otherwise used by Indigenous peoples, who hold distinct cultural identities, governance systems, and ancestral rights over these areas. In India, such lands are primarily protected under the Fifth and Sixth Schedules of the Constitution, which uphold the need to protect tribal autonomy, customary practices, and sustainable resource use. Disclosure of operations located in or near these lands is critical to understand the scale of corporate presence in sensitive geographies and to assess the potential impacts on Indigenous rights, ecosystems, and cultural heritage. International frameworks, including the UN Declaration on the Rights of Indigenous Peoples (UNDRIP), ILO Convention 169, and IFC Performance Standard 7, emphasise the principle of Free, Prior, and Informed Consent (FPIC) and periodic due diligence for operations in Indigenous territories.

By reporting both the extent of operations and measures for engagement and risk management, companies can demonstrate compliance with national legal protections and strengthen alignment with global frameworks on Indigenous rights. Such reporting also mitigates the risks of potential conflict, reputational harm, and regulatory non-compliance.

Proposed Key Performance Indicator (KPI)

Operations located in or near Indigenous lands, including the periodic due diligence and community engagement practices undertaken.

Key Alignment Strategy

Pillars	Alignment Strategy
Investment Philosophies	- Global institutional investors such as Amundi, FAB, Mizhou, and Norges Banks prioritize human rights due diligence, inclusive development and protection of Indigenous peoples' rights in their ESG frameworks. - This strategic alignment enables investors actively supports inclusive development agendas while mitigating reputational, operational, and legal risks arising from potential violations of Indigenous rights.
International Reporting Standards	GRI 411-1: Incidents of violations involving rights of Indigenous peoples, promotes transparency around company impacts on Indigenous communities and respect for their rights. International Finance Corporation (IFC) Performance Standard 7 (Indigenous Peoples), mandates respect for Indigenous rights, culture, and dignity, and requires Free, Prior, and Informed Consent (FPIC) in specific situations.
India's Policy/ Regulations/ Standards	Scheduled Tribes and Other Traditional Forest Dwellers (Recognition of Forest Rights) Act, 2006 recognizes the rights of Indigenous communities over forest land and resources, requiring consent before any developmental activities can be undertaken on their land (GOI, 2010). The Mines and Minerals (Development and Regulation) Act, 1957 requires companies to conduct social impact assessments and ensure community consultations, particularly when mining near areas inhabited by Indigenous peoples (Ministry of Mines, 2012).

Where does it fit in BRSR?

BRSR Section & Principle	Current BRSR Status	Proposed Integration in BRSR
Section C: Principle Wise Performance Disclosure Principle 8: Businesses should promote inclusive growth and equitable development	Essential Indicator E1: Details of social impact assessments taken up by the entity in the current financial year. SIAs often cover land acquisition, including Indigenous lands where applicable.	Principle 8: Leadership Indicator - Number of operations located in or around the Indigenous lands - Periodic due diligence process conducted on indigenous land located in or around operations

Sectoral Relevance

It is applicable to 12 sectors analysed i.e. power, oil,gas & consumable fuels, metals & mining, automobile & auto component, chemicals, construction materials, consumer durables, capital goods, FMCG, construction, telecommunication, consumer services. However it will not be applicable to information technology, healthcare and financial service.

Figure 5 summarises the proposed recommendations and alignment with investment philosophy, relevant policies and ESG frameworks.

Figure 5: Proposed General Recommendations

 BRSR Principle	 Proposed Recommendations	 Where does it fit in BRSR?	 Investment Philosophy
 Principle 1: Essential Indicator	 Policies and operational practices to prevent anti-competitive behaviour	 Principle 1: Essential Indicator	 Anti competitive behaviour
 Principle 2: Leadership Indicator	 Revenue generated from Reusable and recyclable products sold.	 Principle 2: Leadership Indicator	 Usage of recycle materials
 Principle 2: Essential Indicator	 Management of risk identification and mitigation measures related to the use of critical materials	 Principle 2: Essential Indicator	 Supply chain risk & sourcing of materials
 Principle 3: Essential Indicator	 Labour disruptions and total duration of work stoppages, including their causes, impact on production, and corrective actions taken	 Principle 3: Essential Indicator	 Fair labour relation
 Principle 6: Essential Indicator	 Long-term and short-term strategies or plans for reducing GHG emission across Scope 1, 2 and 3; including, (a) defined emission reduction targets set by the entity (either absolute/ intensity based) with specified baseline and target year and (b) analysis of performance against these targets, including yearly progress, deviation and corrective actions undertaken	 Principle 6: Essential Indicator	 Emission reduction strategies Quantification of avoided emissions
 Principle 6: Essential Indicator	 Accidental releases involving hazardous substances, including the recovery method & remedial measures undertaken	 Principle 6: Essential Indicator	 Waste Management
 Principle 6: Leadership Indicator	 Revenue generated from products which are resource efficient during use phase, along with strategies to promote their adoption	 Principle 6: Leadership Indicator	 Energy Efficiency
 Principle 6: Essential Indicator	 Strategies for integrating and managing climate change and environmental considerations in project planning	 Principle 6: Leadership Indicator	 Sustainable Construction
 Principle 8: Essential Indicator	 Operations located in or near indigenous lands, including the periodic due diligence and community engagement practices undertaken	 Principle 8: Leadership Indicator	 Rights of indigenous people

Source: Analysis done by CII CESD

International Reporting Standards	India's Policy/ Regulations/ Standards	Sectoral Relevance
• GRI 206-1	The Competition Act, 2002	All Sectors
GRI 301-2: Recycled input materials used European Sustainability Reporting Standards (ESRS E5-5: Resource Outflow)	Extended Producer Responsibility E-Waste (Management) Rules, 2022	- Power - Oil, Gas & Consumable Fuels - Metals & Mining - Automobile and Auto Component - Chemicals - Construction Materials - Consumer Durables - Capital Goods - FMCG - Construction - Information Technology - Telecommunication - Consumer Services
GRI 308-1: Supplier Environmental Assessment OECD Due Diligence Guidance for Responsible Supply Chains of Minerals	The Mines and Minerals (Development and Regulation) Amendment Act, 2023 National Critical Mineral Mission	- Power - Oil, Gas & Consumable Fuels - Metals & Mining - Automobile and Auto Component - Chemicals - Construction Materials - Consumer Durables - Capital Goods - Construction - Information Technology - Telecommunication - Healthcare
	The Industrial Disputes Act, 1947	All Sectors
GRI 305: Emission (2016) Science Based Target Setting Initiative (SBTi)	NDC Target, 2030 Net Zero Ambition, 2070 Perform, Achieve, and Trade (PAT) scheme	All Sectors
GRI 306-1 (waste generation and significant waste related impact) GRI 306-2 (management of significant waste related impact) Climate Disclosure Standards Board (CDSB) Framework	The Hazardous Waste (Management, Handling and Transboundary Movement) Rules, 2008	All Sectors
GRI 302-5: Reduction in energy requirements of products and services Carbon Disclosure Project (CDP)	BEE Star Labelling Program Eco Mark Scheme	- Power - Oil, Gas & Consumable Fuels - Metals & Mining - Automobile and Auto Component - Chemicals - Construction Materials - Consumer Durables - Capital Goods - Construction - Information Technology - FMCG - Healthcare - Consumer Services
	Environmental Impact Assessment (EIA)/ Environmental Management Plan (EMP)	- Oil, Gas & Consumable Fuels - Metals & Mining - Automobile and Auto Component - Chemicals - Construction Materials - Consumer Durables - Capital Goods - Construction - Telecommunication - Healthcare - FMCG - Healthcare
GRI 411-1: Incidents of violations involving rights of Indigenous peoples International Finance Corporation (IFC) Performance Standard 7 (Indigenous Peoples)"	Scheduled Tribes and Other Traditional Forest Dwellers Act, 2006	- Power - Oil, Gas & Consumable Fuels - Metals & Mining - Automobile and Auto Component - Chemicals - Construction Materials - Consumer Durables - Capital Goods - Construction - Telecommunication - FMCG - Consumer Services

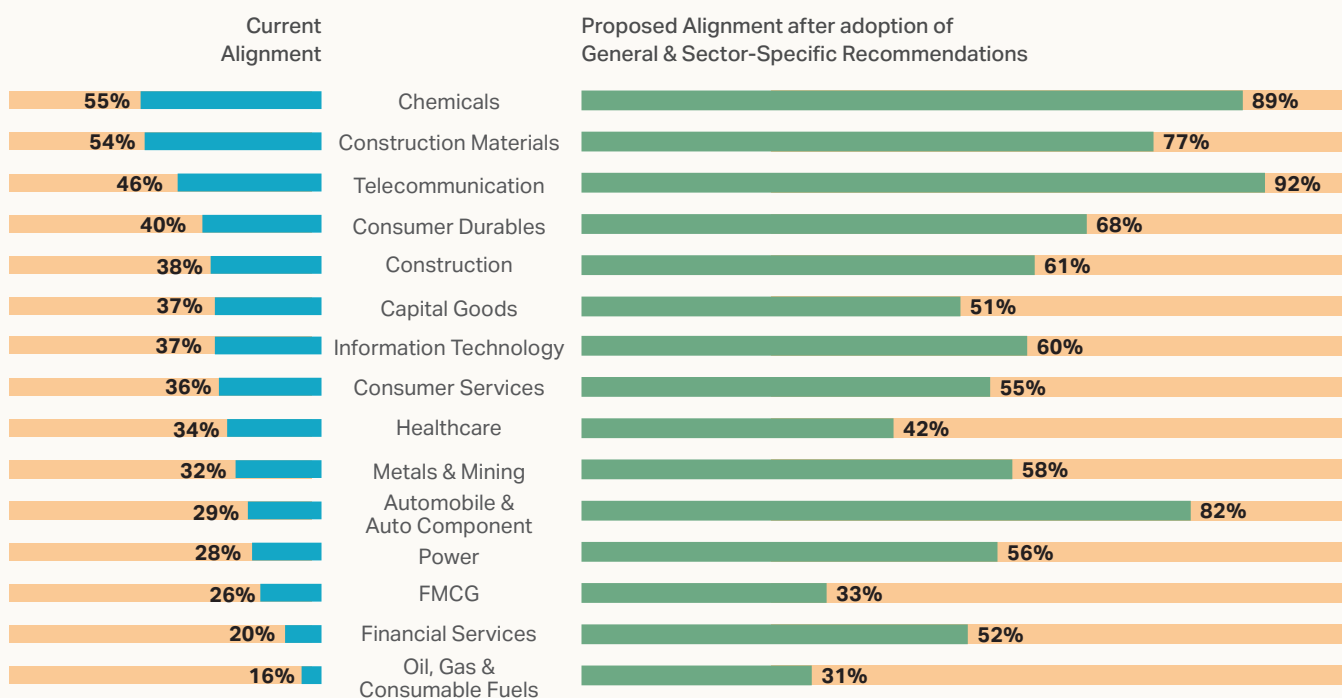
3.2 Sector Specific Proposed Recommendations

The comparative analysis of BRSR with IFRS S1 and S2 standards indicate that BRSR offers a strong foundation with approximately 35% alignment to IFRS metrics. It reflects substantial progress in standardized ESG reporting in India. This gives an opportunity to build on this foundation by incorporating sector specific indicators that can provide investors with detailed and decision useful information.

Implementing the proposed sector specific recommendations along with the proposed general recommendations will enhance BRSR's alignment with IFRS S1 and S2 standards from approximately 35% to nearly 60%. This enhancement will further strengthen BRSR's credibility, investor relevance, and global comparability.

Figure 6 illustrates BRSR's existing sectoral alignment alongside the proposed alignment after adoption of general and sector specific recommendations across fifteen key sectors.

Figure 6: Proposed Alignment of BRSR with IFRS S1 and S2



Source: Analysis done by CII CESD

This section presents sector specific recommendations on alignment of BRSR with IFRS S1 and S2.

Fifteen sector specific recommendations are arranged according to current alignment level, beginning with sectors that revealed the lowest alignment with IFRS standards, progressing to those with the highest. This sequencing highlights the relative maturity of disclosure practices across sectors and indicates where the highest scope of advancement lies.

3.2.1 Oil, Gas & Consumable Fuels

IFRS: The industries include:



Oil & Gas -
Exploration &
Production



Oil & Gas -
Midstream



Oil & Gas-
Refining &
Marketing



Gas Utilities &
Distributors



Biofuels



Oil & Gas-
Services

NSE: The industries include:



Petroleum
Products



Gas



Oil

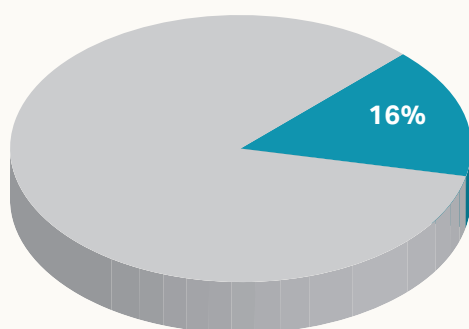


Consumable Fuels

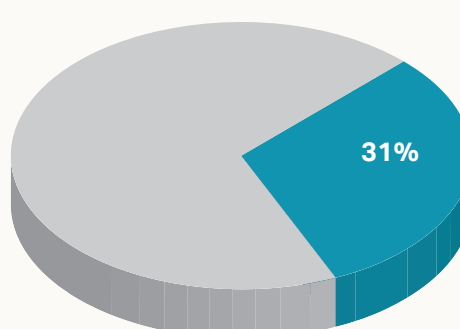
Alignment of BRSR with IFRS S1 and S2

The oil, gas and consumable fuel sector faces material risks across operations, supply chains, and community interfaces. There is significant scope to strengthen disclosures on process safety, biodiversity, and water management and other related areas.

Current Alignment



Proposed Alignment



The proposed recommendations will increase the BRSR's alignment with IFRS from 16% to 31%, thereby marking a crucial step towards international comparability in a sector facing complex sustainability challenges. The recommendation aim to enhance compatibility and transparency by strengthening disclosure on sector key material areas.

Proposed Recommendations

The following table summarises proposed recommendations aimed at improving BRSR alignment with IFRS standards for this sector:

	Proposed Recommendations	Rationale	Investment Philosophy	International Standards	India's Policy/ Regulations/ Standards
	Sustainable Products Disclose percentage of biofuel production certified by recognized third party environmental sustainability standards	Making reporting of sustainable biofuel production transparent and credible	Equity investments in advanced bioenergy infrastructure	GRI 2-27: Compliance with laws and regulations	National Policy on Biofuels (NPB), 2018
	Air Quality Management Disclose air emission of key pollutants including MnO, Pb, and PAHs, in metric tons, along with applicable control measures	Ensuring regulatory compliance by monitoring ambient air quality for presence of lead (Pb) and hydrocarbons (PAHs) compounds	Emission & energy Air quality management	GRI 305-7: Nitrogen oxides (NOx), sulphur oxides (SOx), and other significant air emissions	National Air Quality Monitoring Programme (N.A.M.P.)
	Water Resource Management Report percentage of hydraulically fractured wells with full public disclosure of fracturing fluid chemicals	Identifying responsible hydraulic fracturing practices and protecting water resources from chemical contamination	Long-term impacts of hydraulic fracking	GRI 303 Water GRI 306 Waste GRI 11: Oil and Gas Sector 2021 — Sector Standard	Hydrocarbon Exploration and Licensing Policy (HELP), 2017 Guidelines for Environmental Management during Shale Gas/Oil Exploration and Production, 2016
	Process Safety Disclose number of Process Safety Incidents Count (PSIC), Process Safety Total Incident Rate (PSTIR), and Process Safety Incident Severity Rate (PSISR), along with strategies for continuous improvement of process safety	Strengthening occupational health, safety, and processes by tracking incidents	Workplace safety Working conditions Health & safety	GRI 403-1: Occupational health and safety management system	The Factories Act, 1948 (Amended) - Section 41B

	Proposed Recommendations	Rationale	Investment Philosophy	International Standards	India's Policy/ Regulations/ Standards
	Health & Safety Disclose the number of reportable pipeline incidents	Minimising environmental and community risks from pipeline operations	Safety in operations	GRI 307 - 1: Fines and violations related to pipeline leaks or failures	Pipeline Act (1981) Environmental Protection Act (1986)
	Biodiversity Management Disclose percentage of proved and probable reserves located in or near ecologically sensitive areas, including protected zones and habitats of endangered species	Identifying and managing biodiversity related risks from exploration and production activities	Responsible forest management Biodiversity Risk associated with mining UNESCO World Heritage Sites	GRI 101-5: Locations with biodiversity impacts GRI 101-7: Changes to the state of biodiversity	Environment (Protection) Act, 1986 Wildlife Protection Act, 1972 Forest Conservation Act, 1980
	Biodiversity Management Disclose total terrestrial land area disturbed by operations and percentage of disturbed area that has been restored	Enhancing commitment to minimize land degradation and ecological restoration	Responsible forest management Types of living organisms protected	GRI 101-2: Management of biodiversity impacts	Forest Conservation Act, 1980 Environment (Protection) Act, 1986
	Compliance Disclose number and duration of site shutdowns or project delays due to non-technical factors, along with underlying causes and mitigation strategies	Introducing governance and transparency in project execution risks	Absence of legal permit	GRI 2-27 Compliance with laws and regulations	Violation of EC Clearance Noncompliance to Forest Conservation Act (1980)

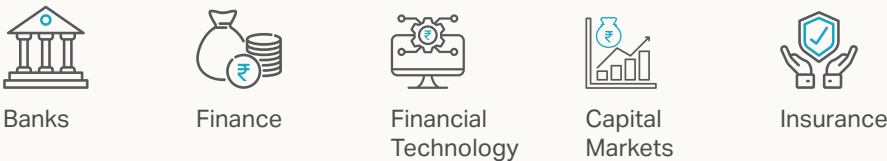
Improved disclosures by the oil, gas & consumable fuels sector will strengthen investor confidence and regulatory trust. Enhanced reporting on air quality, water protection, process safety, biodiversity, and land restoration will reinforce accountability and operational resilience.

3.2.2 Financial Services

IFRS: The industries include:

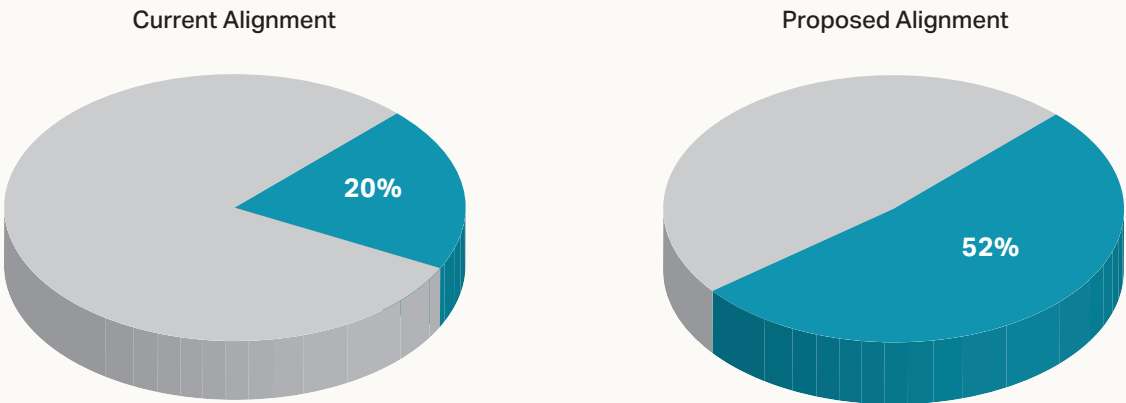


NSE: The industries include:



Alignment of BRSR with IFRS S1 and S2

The financial services sector plays a critical role in shaping capital allocation and faces unique challenges such as climate related financial risks, financed emissions, data security, customer protection, and financial inclusion.



The proposed recommendations are projected to increase the BRSR alignment with IFRS S1 and S2 from 20% to 52%, addressing key opportunities for enhanced disclosures and comparability with international banking and insurance standards. By strengthening reporting on financed emissions, portfolio exposure, insurance risk, and customer responsibility will strengthen the sector’s overall ESG performance.

Proposed Recommendations

The following table summarises recommendations aimed at improving BRSR alignment with IFRS standards for this sector:

	Proposed Recommendations	Rationale	Investment Philosophy	International Standards	India's Policy/ Regulations/ Standards
	Decarbonization: Financed Emissions Disclose gross financed emission disaggregated by industry	Enhancing transparency in portfolio level GHG emissions and alignment with net zero pathways	Green Investing & Financing Portfolio GHG emission reduction Sustainable Investing	Net Zero Banking Alliance Glasgow Financial Alliance for Net Zero (GFANZ) GRI 305: Emission	Draft Disclosure framework on Climate-related Financial Risks, 2024
	Decarbonization: Finance Emission Methodology Disclose methodology used to calculate financed emissions	Strengthening consistency and comparability of reported financed emissions	Emission & energy Annual CO2 emission avoided	Global GHG Accounting and Reporting Standard for the Financial Industry	
	Climate Risk Disclose total monetary losses attributable to insurance payouts from modelled natural catastrophes	Understanding the extent of financial exposure to physical climate risks	Green insurance	GRI 201-2 Financial implications and other risks and opportunities due to climate change	Working Group Report - Disaster Risk Financing, Insurance & Risk Transfer
	Service Quality Disclose customer retention rates	Assessing the entity's service quality levels	Customer Protection		Protection of Policyholders' Interests Regulations, 2017
	Service Quality Disclose complaints to claim ratios	Increasing transparency of customer service levels	Customer Protection		Protection of Policyholders' Interests Regulations, 2017
	Shareholder Rights Describe proxy voting and investee engagement policies and procedures, including how sustainability issues are considered	Strengthening governance with respect to shareholder rights	Board Structure Shareholder Rights Audit & control	GRI 2-9: Governance structure and composition	Research Analysts Regulations, 2014 Procedural Guidelines for Proxy Advisors, 2020

	Proposed Recommendations	Rationale	Investment Philosophy	International Standards	India's Policy/ Regulations/ Standards
	Community Engagement: Financial Inclusion Report number of participants in financial literacy initiatives targeting unbanked, underbanked, or underserved populations	Promoting equitable access to finance	Financial inclusion Number of people with increased access to financial services	GRI 413-1: Operations with local community engagement, impact assessments, and development programs	Pradhan Mantri Jan-Dhan Yojana (PMJDY), Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY), Pradhan Mantri Mudra Yojana (PMMY)
	Community Engagement: No-Cost Accounts Disclose number of no-cost retail checking accounts provided to customers	Enhancing outreach to households across the spectrum	Financial inclusion Number of people with increased access to financial services	GRI 413-1: Operations with local community engagement, impact assessments, and development programs	Pradhan Mantri Jan-Dhan Yojana (PMJDY), Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY), Pradhan Mantri Mudra Yojana (PMMY)
	Community Engagement: SME Financing Report number and total value of loans outstanding to programs that promote small business growth and community development	Creating a system to support MSMEs	Number of SMEs financed Amount of microfinancing Number of women-owned SMEs financed	GRI 203-1: Infrastructure investments and services supported	
	Data Privacy Disclose the number of customers whose data is used for secondary purposes	Protecting customer data and privacy	Responsible Media Data Security & Privacy	GRI 418-1: Substantiated complaints concerning breaches of customer privacy and losses of customer data	Digital Personal Data Protection Act, 2023 (DPDP Act)

Enhanced transparency on financed emissions, portfolio exposure, customer protection, and financial inclusion will improve comparability, enable risk based decision making, and reinforce the sector's role in driving sustainable finance.

3.2.3 FMCG

IFRS: The industries include:



Household
& Personal
Products



Agricultural
Products



Alcoholic
Beverages



Meat, Poultry
& Dairy



Non-Alcoholic
Beverages



Processed
Foods



Pulp & Paper
Products



Containers
& Packaging

NSE: The industries include:



Diversified
FMCG



Food
Products



Beverages



Personal
Products



Agricultural
Food & other
Products



Household
Products

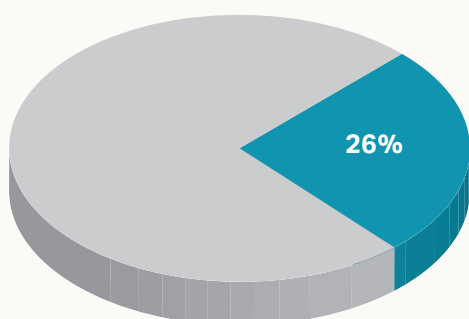


Cigarettes &
Tobacco
Products

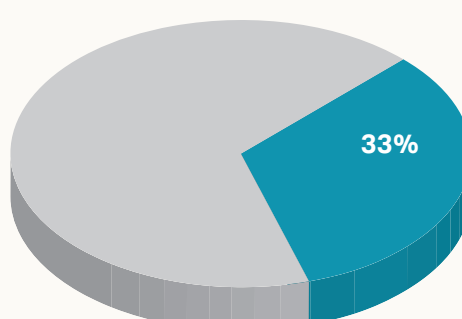
Alignment of BRSR with IFRS S1 and S2

With extensive supply chains and direct consumer interface, the FMCG sector faces challenges such as generation of packaging wastes, sustainable sourcing, product safety, and animal welfare.

Current Alignment



Proposed Alignment



The proposed recommendations will increase the sector's BRSR alignment with IFRS from 26% to 33%, thereby enhancing international comparability of disclosures, improving decision usefulness for global investors.

Proposed Recommendations

	Proposed Recommendations	Rationale	Investment Philosophy	International Standards	India's Policy/ Regulations/ Standards
	Supply Chain: Animal Welfare Disclose strategies to manage environmental and social risks related to animal welfare within the supply chain	Encouraging responsible sourcing practices, ensuring animal wellbeing, and mitigating operational and reputational risks	Absence of negative impacts on animal wellbeing Animal living condition Supply Chain-Environment	GRI 308-2 Negative environmental impacts in the supply chain and actions taken GRI 414-2 Negative social impacts in the supply chain and actions taken	Prevention of Cruelty to Animals Act, 1960
	Chemical Risk Management Discuss processes adopted to identify, assess, and manage the negative impact on environment and human health arising out of use of chemicals in products	Driving product safety and protecting consumer health by managing chemicals related risks	Environmental Sustainability: Progress in its operational sustainability strategy	GRI 403: Occupational Health and Safety 2018	Chemicals Management and Safety Rules
	Circularity Disclose total weight of packaging material used, along with percentage made from recycled material	Reducing packaging waste, a significant area of concern for this sector	Circular Economy: Recycling and Waste Management	GRI 306: Waste GRI 204: Procurement Practices (circular economy initiatives)	Extended Producer Responsibility
	Circularity Disclose strategies adopted to manage and mitigate the environmental impact of packaging across the product's lifecycle	Reducing environmental impact of product packaging	Circular Economy: Recycling and Waste Management	GRI 306: Waste GRI 204: Procurement Practices (circular economy initiatives)	Extended Producer Responsibility
	Supply Chain: Sustainable Sourcing Disclose actions for management of environmental and social risks related to palm oil sourcing, including source traceability and supplier audit mechanisms	Encouraging sustainable sourcing and managing deforestation risks	Sustainable sourcing	GRI 414 Supplier Social Assessment GRI 409: Forced or Compulsory Labor	National Mission on Edible Oils: (NMEO)-Oil Palm

Proposed Recommendations	Rationale	Investment Philosophy	International Standards	India's Policy/ Regulations/ Standards
 Healthy Products Disclose strategies to manage and communicate the use of genetically modified organisms (GMO) in products	Ensuring regulatory compliance, responsible product formulation and consumer trust	Sustainable growth Innovative technology and its use	GRI 13: Agriculture, Aquaculture and Fishing Sectors 2022 GRI 403: Occupational Health and Safety 2018	Food Safety and Standards Act, 2006
 Healthy Products Disclose revenues derived from products labelled as containing GMOs and those labelled as non-GMO	Building transparency in product labelling and consumer awareness	Sustainable growth Innovative technology and its use	GRI 13: Agriculture, Aquaculture and Fishing Sectors 2022 GRI 403: Occupational Health and Safety 2018	Food Safety and Standards Act, 2006



3.2.4 Power

IFRS: The industries include:



Wind Technology
& Project
Developers



Electric Utilities
& Power
Generators



Solar Technology and
Project Developers

NSE: The industry include:

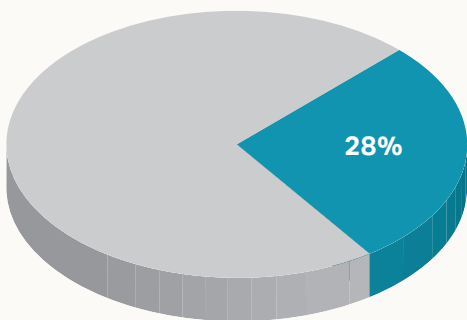


Power

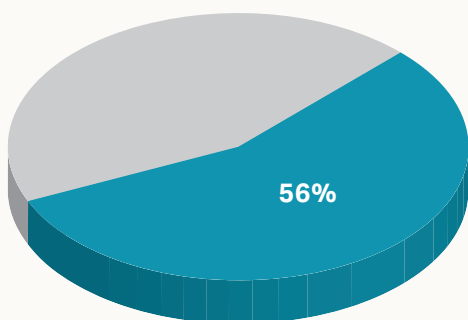
Alignment of BRSR with IFRS S1 and S2

The power sector faces risks such as greenhouse gas emissions, air pollution, waste from coal combustion, hazardous substances in equipment, and system reliability due to its dependence on fossil fuels and simultaneous push towards renewables.

Current Alignment



Proposed Alignment



The proposed recommendations will increase the BRSR alignment with IFRS from 28% to 56%. These recommendations will drive the sector to strengthen emission controls, improve grid reliability, and adopt responsible air and waste management practices. These enhanced disclosures will accelerate the power sector's system efficiency and transition towards a cleaner greener sector.

Proposed Recommendations

	Proposed Recommendations	Rationale	Investment Philosophy	International Standards	India's Policy/ Regulations/ Standards
	Decarbonization Disclose percentage of gross Global Scope 1 emissions, covered under emission limiting regulations	Covering emissions and progress towards decarbonisation under emission limiting regulations	Climate Change Emissions & energy	GRI 305: Emissions	NDC Target, 2030 Net Zero Ambition, 2070
	Air Quality Management Disclose air emission of key pollutants including MnO, Pb, and PAHs, in metric tons, along with applicable control measures	Ensuring regulatory compliance by monitoring ambient air quality, including lead (Pb) and hydrocarbons (PAHs) compounds	Emission & energy Air quality management	GRI 305-7: Nitrogen oxides (NOx), sulphur oxides (SOx), and other significant air emissions	National Air Quality Monitoring Programme (N.A.M.P.)
	Service Quality Disclose system reliability performance using standard industry metrics such as System Average Interruption Duration Index (SAIDI), System Average Interruption Frequency Index (SAIFI), and Customer Average Interruption Duration Index (CAIDI), including major event days	Strengthening system resilience and quality of service	Reliable product delivery Maintaining operational resilience		The Electricity (Right of Consumers) Rules 2020
	Energy Efficiency Describe risks associated with integration of renewable energy sources into existing infrastructure and disclose strategies to manage those risks	Supporting clean energy transition	Reduction in energy consumption Increase in renewable energy	GRI 302: Energy 2016	Solar Energy Target of 175 GW, MNRE

	Proposed Recommendations	Rationale	Investment Philosophy	International Standards	India's Policy/ Regulations/ Standards
	Biodiversity Management Disclose number and duration of project delays caused by ecological factors, along with mitigation and restoration strategies	Managing ecological and regulatory risks	Restoration & regeneration strategies	GRI 304-2 Significant impacts of activities, products and services on biodiversity	National Environmental Policy (2006), MoEF&CC
	Chemical Risk Management Disclose percentage of products (by revenue) that contain substances listed under IEC 62474, including risk identification and mitigation practices	Encouraging safe handling of hazardous materials	Social, environmental and sustainability-linked financing Verified Waste Material Disposal	GRI 306-5 Waste management and effluent related impacts	Public Liability Insurance Act, 1991 Detection, prevention and management of Arseniconics
	Waste Management of Coal Combustion Residuals Report total coal combustion residual generated and percentage recycled through safe and compliant disposal or reuse practices	Ensuring responsible management of coal by-products	Waste disposal financing	GRI 306-1: Waste generation and significant waste-related impacts GRI 12: Coal Sector 2022	Utilisation Mandate for Coal Combustion Residuals

Introducing measurable outcomes for reliability, emissions, and waste management will help align India's power sector with global investor expectations and regulatory priorities for a low carbon, dependable energy infrastructure.

3.2.5 Automobile and Auto Component

IFRS: The industries include:



Automobile



Auto Parts

NSE: The industries include:



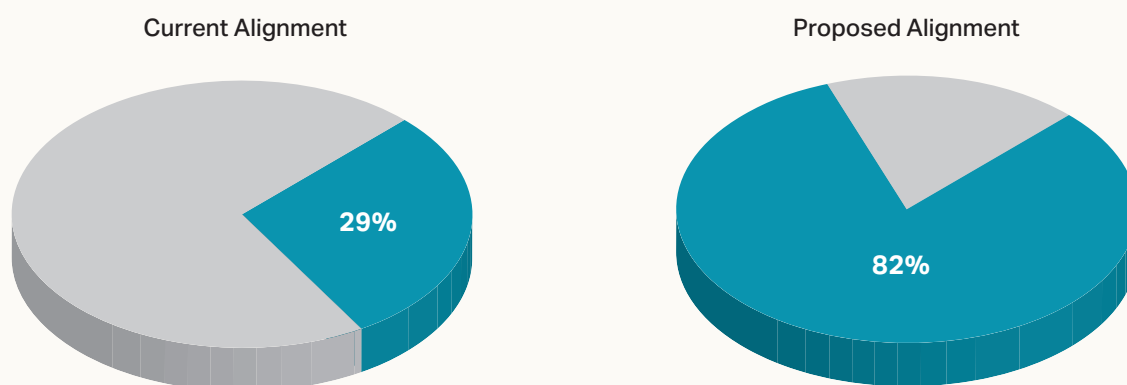
Automobile



Auto Component

Alignment of BRSR with IFRS S1 and S2

The automobile sector faces challenges linked to low emission vehicles, fuel economy, passenger safety, and waste from end-of-life vehicles (ELVs).



A focused approach to integrate the proposed recommendations will increase the BRSR alignment with IFRS S1 and S2 from 29% to 82%, the second-highest alignment across all sectors. Encouraging companies to share strategies for improving fuel efficiency, tracking and addressing safety related complaints and recording waste management of vehicles are expected to accelerate the automobile sector's transition towards clean and safe mobility.

Proposed Recommendations

	Proposed Recommendations	Rationale	Investment Philosophy	International Standards	India's Policy/ Regulations/ Standards
	Decarbonization: Low Emission Vehicle Disclose the number of low emission vehicles sold, including strategic sales planning	Capturing total sales of zero emission, hybrid, and plug-in hybrid vehicles to track the sector's transition to sustainable mobility	Green Car Number of clean vehicles deployed	GRI 302-5: Reductions in energy requirements of products and services	FAME India Scheme I & II National Electric Mobility Mission Plan
	Decarbonization: Fleet Fuel Economy Disclose strategies to manage fuel efficiency and emission risks and opportunities	Outlining strategies for improving fleet wide fuel efficiency and reducing use phase GHG emissions	Clean Transportation Distance travelled by the mode of transport (km)	GRI 305-5: Reduction of GHG emissions GRI 103: Management Approach	Bharat Stage (BS) Emission Standards Corporate Average Fuel Economy (CAFE) Standards
	Vehicular Safety Report percentage of vehicular models rated under New Car Assessment Program (NCAP) and strategies to enhance vehicular safety	Indicating percentage of vehicle models assessed under NCAP and highlighting those achieving top safety ratings	Vehicle Safety		Bharat NCAP
	Grievance Mechanism Describe strategies to manage product safety related complaints, percentage investigated, and the existing grievance mechanisms	Tracking and addressing safety related defect complaints, and strengthening grievance redressal systems	Enhancing Safety & Well-being Passenger Safety	GRI 416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	Section 110A of the Motor Vehicles Act, 1988 Central Motor Vehicles Rules, 1989
	Waste Management: ELV Waste Disclose total waste generated from both manufacturing activities and end-of-life vehicles, including the share of hazardous and recycled wastes, and waste minimization strategies implemented	Assessing waste generated from manufacturing and end-of-life vehicles separately, with disclosure of hazardous content	Circular Economy Waste prevention, minimization & recycling	GRI 306-2: Management of Significant Waste Related Impacts GRI 306-3: Waste generated	Motor Vehicle Rules, 2021 AIS-129 on End of-Life Vehicles

These sector specific recommendations can substantially improve the automobile sector's BRSR alignment with IFRS. By incorporating these disclosures on low emission mobility, fleet fuel efficiency, vehicular safety, passenger protection, and waste management, companies can strengthen transparency, demonstrate sustainable manufacturing and attract responsible investment.

3.2.6 Metals & Mining

IFRS: The industries include:



Coal Operations



Metals & Mining



Iron and Steel Producers

NSE: The industries include:



Metals & Minerals Trading



Ferrous Metals



Non-Ferrous Metals



Diversified Metals

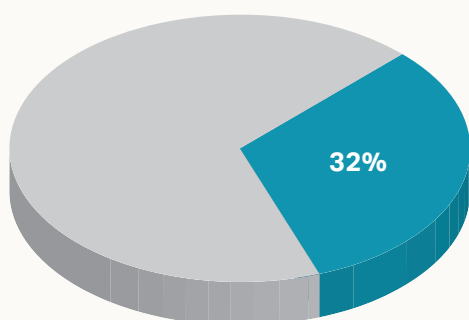


Minerals & Mining

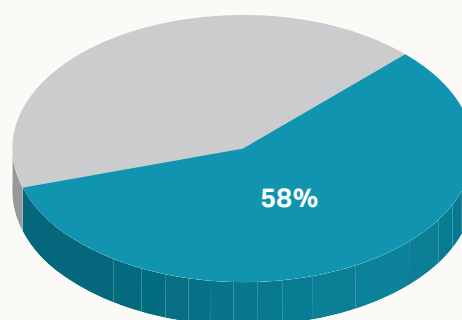
Alignment of BRSR with IFRS S1 and S2

Being highly resource intensive, the sector faces scrutiny for impacts on environment and communities. Strengthening practices in areas such as waste, biodiversity and tailings management emerge as some key opportunities for the sector.

Current Alignment



Proposed Alignment



Adoption of the proposed recommendations is expected to increase the sector's BRSR alignment with IFRS S1 and S2 from 32% to 58%.

Proposed Recommendations

	Proposed Recommendations	Rationale	Investment Philosophy	International Standards	India's Policy/ Regulations/ Standards
	Air Quality Management Disclose air emission of key pollutants i.e. MnO, Pb, and PAHs, in metric tons, along with applicable control measures	Ensuring regulatory compliance by monitoring ambient air quality of mining operations, including lead (Pb) and hydrocarbon (PAHs) compounds	Emission & energy Air quality management	GRI 305-7: Nitrogen oxides (NOx), sulphur oxides (SOx), and other significant air emissions	National Air Quality Monitoring Programme (N.A.M.P.)
	Waste Management: Tailings Waste Report the total weight of tailings generated, in alignment with the Global Industry Standard on Tailings Management (GISTM), and maintain an inventory of tailings storage facilities	Ensuring safe tailings management in line with global standards	Verified Waste Material Disposal Waste Management Proper management of the mining sites	GRI 306-1: Waste generation and significant waste-related impacts	Mineral Conservation and Development Rules, 2017 Mines and Minerals (Development and Regulation) Act, 1957
	Waste Management: Waste Rock Disclose the amount of waste rock generated, in metric tons, and outline measures to manage its environmental impact	Reducing ecological risks linked to waste rock disposal	Verified Waste Material Disposal Waste Management	GRI 306-1: Waste generation and significant waste-related impacts	Mineral Conservation and Development Rules, 2017
	Biodiversity Management Disclose percentage of proved and probable reserves located in or near ecologically sensitive areas, including protected zones and habitats of endangered species	Identifying and disclosing biodiversity risks in mining activities	Responsible forest management Biodiversity Risk associated with mining UNESCO World Heritage Sites/ national and/or international protected areas	GRI 101-5: Locations with biodiversity impacts GRI 101-7: Changes to the state of biodiversity GRI Mining Sector: 14-4: Biodiversity (Upcoming)	Environment (Protection) Act, 1986 Wildlife Protection Act, 1972 Forest Conservation Act, 1980

Proposed Recommendations	Rationale	Investment Philosophy	International Standards	India's Policy/ Regulations/ Standards
 Compliance Disclose the number and duration of site shutdowns or project delays arising out of non-technical factors, along with underlying causes and mitigation strategies	Enhancing governance and minimizing risks from regulatory or social issues	Absence of legal permit	GRI 2-27 Compliance with laws and regulations	Violation of EC Clearance Noncompliance to Forest Conservation Act (1980) Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013

Transparent reporting on air quality, tailings, waste, and biodiversity will strengthen governance and improve investor trust in the metals and mining sector.

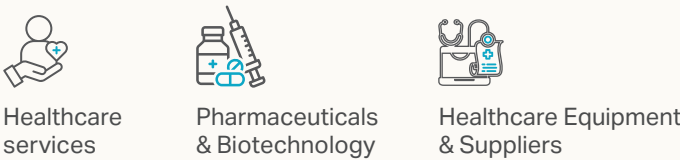


3.2.7 Healthcare

IFRS: The industries include:

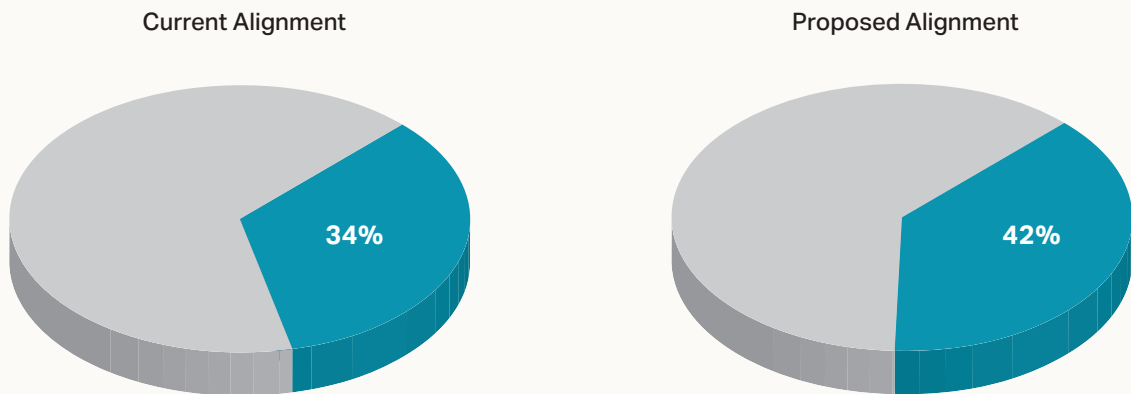


NSE: The industries include:



Alignment of BRSR with IFRS S1 and S2

The healthcare sector largely comprises medical equipment and supplies, biotechnology & pharmaceuticals, drug retailers, healthcare delivery, managed care. The sector faces sustainability challenges such as access to essential medicines, patient safety, product quality, data privacy, and affordability of services.



Addressing these challenges can significantly improve the sector’s BRSR alignment with IFRS S1 and S2 from 34% to 42%, reflecting moderate but necessary enhancements. By encouraging risks to patient health, ensuring regular supplier audits and adoption of ethical standards these recommendations will drive the sector’s accountability and trust.

Proposed Recommendations

	Proposed Recommendations	Rationale	Investment Philosophy	International Standards	India's Policy/ Regulations/ Standards
	Chemical Risk Management Discuss processes adopted to identify, assess, and manage risks to environment and human health associated with use of chemical in products	Managing risks to patient health and ensuring product safety	Safety & Well-being	GRI 306 Waste GRI 403 Occupational Health and Safety	National Programme on Climate Change and Human Health (NPCCHH), 2019
	Supply Chain Report percentage of the entity's facilities and Tier 1 supplier facilities covered under independent third party audits for manufacturing processes and product quality assurance	Ensuring regular supplier audit	Supply Chain-environment	GRI 308-2 Negative environmental impacts in the supply chain and actions taken	
	Health & Safety: Clinical Trials Describe processes adopted to ensure quality and patient safety in clinical trials, including informed consent procedures for trial participants	Ensuring ethical standards and safeguarding patient rights	Patient safety Application of personal health data	GRI 416: Customer Health and Safety 2016	New Drugs, Medical Devices and Cosmetics Bill, 2022
	Data Privacy Discuss policies and practices to safeguard customers' personal health data, including mechanisms for data security and privacy compliance	Protecting patient data and privacy	Protection of personal data	GRI 418-1: Substantiated complaints concerning breaches of customer privacy and losses of customer data	Indian Medical Council (Professional Conduct, Etiquette and Ethics) Regulations, 2002

Improved disclosure in these areas is expected to enhance the sector's alignment with global sustainability frameworks while also demonstrating the sector's commitment to equitable, ethical, and patient centric healthcare delivery.

3.2.8 Consumer Services

IFRS: The industries include:

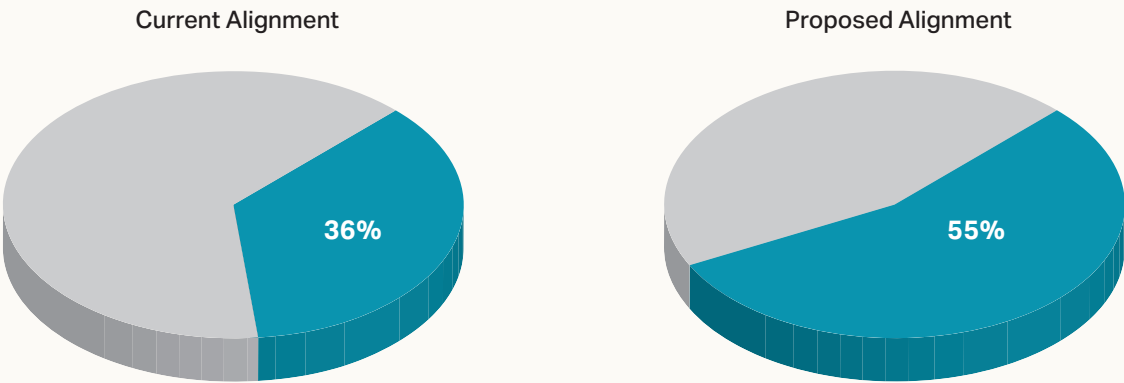
			
Apparel, Accessories & Footwear	Restaurants	Hotels and Lodging	E-commerce

NSE: The industries include:

			
Textile & Apparels	Retailing	Leisure Services	Other Consumer Services

Alignment of BRSR with IFRS S1 and S2

Consumer services providers include hospitality, retail, e-commerce, and textile & apparel. With direct impact on communities this sector faces risks linked to health and safety, supply chain practices, and hazardous waste management.



The proposed recommendations will enhance BRSR's alignment with IFRS S1 and S2 from 36% to 55%, thereby increasing international comparability of disclosures.

Proposed Recommendations

	Proposed Recommendations	Rationale	Investment Philosophy	International Standards	India's Policy/ Regulations/ Standards
	Supply Chain Disclose percentage of priority raw materials and management of associated environmental and social risks that may impact long term sourcing	Minimising supply chain risk	Sustainable sourcing of raw materials Production, processing and trading of raw materials, fabric / textiles and clothing components	GRI 308-2 Negative environmental impacts in the supply chain and actions taken GRI 414-2 Negative social impacts in the supply chain and actions taken	Global Organic Textile Standard (GOTS) OEKO-TEX® Standards Bluesign
	Sustainable Products Disclose percentage of priority raw materials certified under recognised environmental and social sustainability standards	Strengthening responsible sourcing through certified raw materials	Sustainable sourcing of raw materials Production, processing and trading of raw materials, fabric / textiles and clothing components	GRI 308-2 Negative environmental impacts in the supply chain and actions taken GRI 414-2 Negative social impacts in the supply chain and actions taken	Global Organic Textile Standard (GOTS) OEKO-TEX® Standards
	Chemical Risk Management Discuss processes adopted to identify, assess, and manage risks to environment and human health associated with use of chemicals in products	Managing chemical risks to ensure safe products and protect consumers and environment	Safety & Well-being Environment: Air and Water Pollution	GRI 103-1: Explanation of the material topic GRI 103-2: The management approach and its components	Pre-shipment Certificate (PSC) Environment (Protection) Act, 1986
	Supply Chain: Animal Welfare Disclose strategies adopted for the supply chain to manage environmental and social risks related to animal welfare	Encouraging responsible sourcing practices, animal wellbeing, and mitigating operational and reputational risks	Absence of mitigation of negative impacts on animal wellbeing Animal living condition Supply Chain-Environment	GRI 308-2 Negative environmental impacts in the supply chain and actions taken GRI 414-2 Negative social impacts in the supply chain and actions taken	Prevention of Cruelty to Animals Act, 1960

	Proposed Recommendations	Rationale	Investment Philosophy	International Standards	India's Policy/ Regulations/ Standards
	Chemical Risk Management Disclose strategies to ensure compliance with applicable regulations on the use of restricted substances in products	Safe handling of hazardous materials	Safety & well being	GRI 2-27 Compliance with laws and regulations	ZDHC Manufacturing Restricted Substances List (ZDHC MRSL)
	Climate Risk Report number of physical assets or facilities located in high risk climate zones, including 100 year flood prone areas	Strengthening infrastructure resilience against climate related risks	Type of resilient infrastructure financed Reduction in repair costs and/or operating days lost due to landslides	GRI 201-2 Financial implications and other risks and opportunities due to climate change	Disaster Management Act, 2005

Improved transparency across sourcing, safety, and climate resilience is expected to enhance the sector's adaptability to global sustainability expectations, reinforce its long term business competitiveness and enhance its access to international finance.



3.2.9 Information Technology

IFRS: The industries include:



Internet Media
& Services



Semiconductors



Hardware

NSE: The industries include:



IT-Software



IT - Hardware

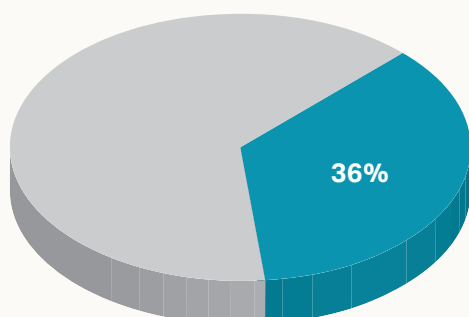


IT-Services

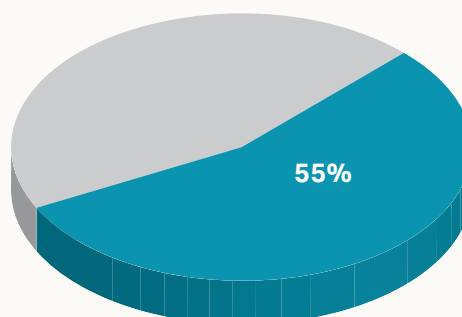
Alignment of BRSR with IFRS S1 and S2

India's information technology sector is exposed to risks linked to data protection, employee wellbeing, and operational continuity.

Current Alignment



Proposed Alignment



The proposed recommendations are aimed at increasing the sector's BRSR alignment with IFRS from 37% to 60%. These recommendations will reinforce the IT sector's digital integrity and service resilience by improving transparency on data governance, continuity planning, and circular design. India's IT sector that already upholds global standards will be well positioned to strengthen its leadership in offering secure, reliable, and sustainable technology services.

Proposed Recommendations

	Proposed Recommendations	Rationale	Investment Philosophy	International Standards	India's Policy/ Regulations/ Standards
	Business Continuity Disclose potential financial losses from operational disruptions, including probability of occurrence and associated timeframes	Enhancing resilience of services and reducing systemic risks	Business continuity	GRI 201-1: Direct economic value generated and distributed	Information Technology (IT) Act, 2000 & Amendments CERT-In Guidelines (2022)
	Data Security Disclose policies and practices related to advertising and customer privacy	Strengthening accountability in protecting customer data and maintaining trust	Data Security & Privacy	GRI 418-1: Substantiated complaints concerning breaches of customer privacy and losses of customer data	Digital Personal Data Protection Bill, 2023 (DPDP Bill)
	Circular Economy Disclose percentage of revenue derived from eligible products meeting EPEAT or equivalent standards, including strategies to promote it	Reporting revenue from products designed for reduced environmental impact, recyclability, and resource efficiency	Proportion of circular materials produced as a % of the total material production of the project	GRI 302-4 Reduction of energy consumption	STAR Labelling Program
	Service Quality Report average service interruption metrics, including duration and frequency of system average interruptions and customer average interruptions	Improving service reliability and ensuring continuity for customers	Reliable product delivery Maintaining operational resilience		Consumer Protection Act, 2019
	Chemical Risk Management Disclose the percentage of products (by revenue) that contain substances listed under IEC 62474, including risk identification & mitigation practices	Introducing safe handling of hazardous materials	Social, environmental and sustainability-linked financing Verified Waste Material Disposal	GRI 306-5 Waste management and effluent related impacts	Public Liability Insurance Act, 1991 Detection, prevention and management of Arseniconics

Enhanced ESG alignment will enable the sector to play a catalytic role in advancing India's digital sustainability agenda, influencing responsible practices across global value chains.

3.2.10 Capital Goods

IFRS: The industries include:



Fuel Cells &
Industrial Batteries



Aerospace &
Defence



Industrial
Machinery & Goods



Electronic Manufacturing Services
& Original Design Manufacturing

NSE: The industries include:



Electrical Equipment



Industrial Products



Aerospace & Defence



Industrial Manufacturing

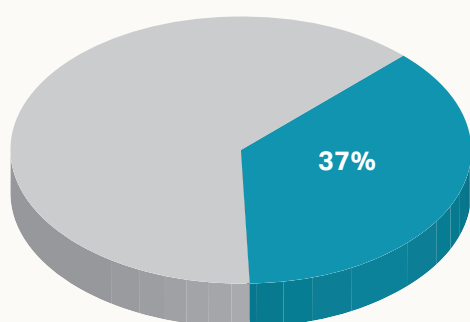


Agricultural, Commercial
& Construction Vehicles

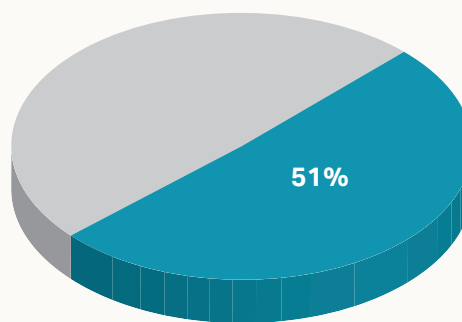
Alignment of BRSR with IFRS S1 and S2

Capital Goods sectors include aerospace & defence, industrial machineries & goods, industrial products, electrical equipment etc. all of which are highly complex. This sector faces risks linked to resource consumption and technological innovation.

Current Alignment



Proposed Alignment



The proposed recommendation will increase the sector's BRSR alignment with IFRS S1 and S2 from 37% to 51%. Capturing efficiency, safety, and product level sustainability performance will enhance focus on operational excellence.

Proposed Recommendations

The following table summarises the proposed sector-specific recommendation aimed at improving the alignment of BRSR with IFRS standards.

Proposed Recommendations	Rationale	Investment Philosophy	International Standards	India's Policy/ Regulations/ Standards
Energy Efficiency Disclose average electrical and thermal energy efficiency of fuel cells, disaggregated by product types	Enhancing energy efficiency performance	Energy Efficiency: Asset management and industrial outdoor storage	GRI 302: Energy 2016	National Mission for Enhanced Energy Efficiency

3.2.11 Construction

IFRS: The industries include:



Engineering & Construction Services

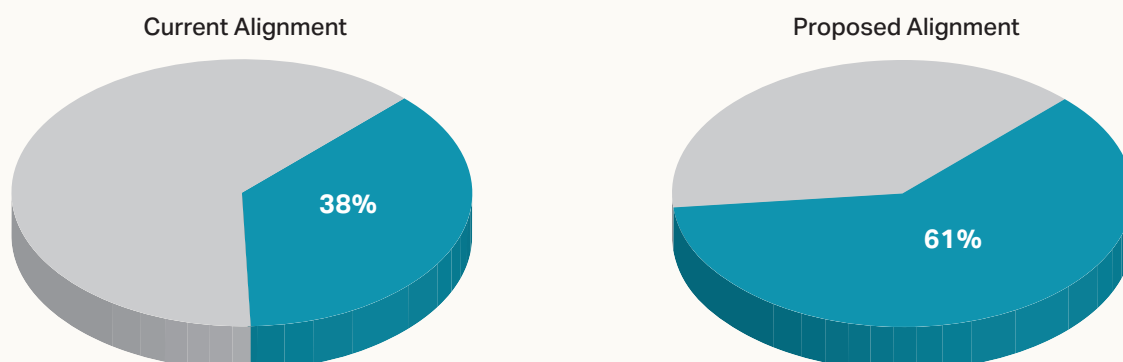
NSE: The industry include:



Construction

Alignment of BRSR with IFRS S1 and S2

As a resource intense sector with significant land use and a large labour force, the construction sector faces challenges of potential environmental footprint.



The proposed recommendation will increase the sector's BRSR alignment with IFRS S1 and S2 from 38% to 61%, moving the sector into a higher convergence bracket. This alignment will provide the sector frameworks and guidelines to follow sustainable construction practices, thereby reducing its environmental footprint.

Proposed Recommendations

	Proposed Recommendations	Rationale	Investment Philosophy	International Standards	India's Policy/ Regulations/ Standards
	Project Planning Disclose number of commissioned projects, certified under recognized third party sustainability standards, along with ongoing projects actively pursuing such certifications	Promoting sustainable construction practices through adoption of recognized certification systems	Sustainable Construction Building certification standards Green Buildings	GRI 302: Energy GRI 305: Emissions GRI 303: Water	Indian Green Building Certification (IGBC) BREEAM & GRIHA National Mission on Sustainable Habitat (NMSH)

3.2.12 Consumer Durables

IFRS: The industries include:



Appliance
Manufacturing



Building
Products and
Furnishings



Electrical and
Electronic
Equipment

NSE: The industry include:

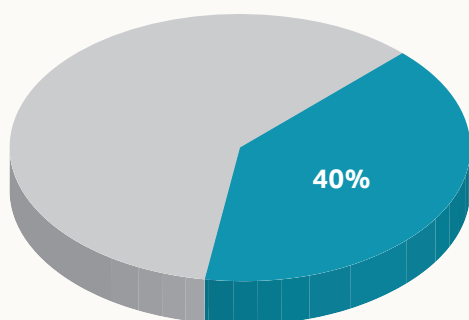


Consumer
Durables

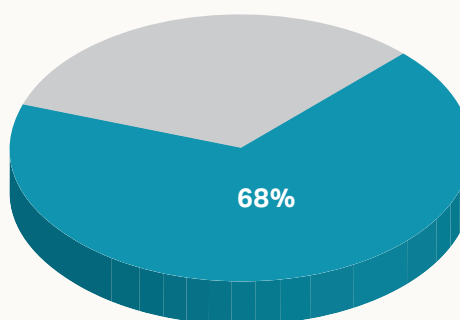
Alignment of BRSR with IFRS S1 and S2

As a sector that directly impacts living standards for households as well as the society, this sector has heightened responsibility to strengthen product and environment safety.

Current Alignment



Proposed Alignment



The proposed recommendations will increase the sector's BRSR alignment with IFRS S1 and S2 from 40% to 68%. It will enhance the consumer durable sector's accountability with respect to the use of hazardous substances, volatile organic compound compliances, and supply chain risks.

Proposed Recommendations

	Proposed Recommendations	Rationale	Investment Philosophy	International Standards	India's Policy/ Regulations/ Standards
	Chemical Risk Management Disclose potential financial losses from operational disruptions, including probability of occurrence and associated timeframes	Managing chemical risks to ensure safe products, protect consumers and the environment	Environmental Sustainability: Progress in its operational sustainability strategy	GRI 403: Occupational Health and Safety 2018	Chemicals Management and Safety Rules
	Chemical Risk Management Disclose percentage of products (by revenue) that contain substances listed under IEC 62474, including risk identification and mitigation practices	Encouraging safe handling of hazardous materials	Social, environmental and sustainability-linked financing Verified Waste Material Disposal	GRI 306-5 Waste management and effluent related impacts	Public Liability Insurance Act, 1991 Detection, prevention and management of Arseniconics
	Air Quality Management Disclose percentage of eligible products that meet volatile organic compound (VOC) emissions and content standards	Reducing product related air emissions	Effect on air quality and health	GRI 305-7: Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions (VOCs)	National Air Quality Monitoring Program (N.A.M.P.)

Strengthening disclosures on materials used, waste management and emissions will enhance product safety and reduce chemical risks, fostering greater consumer trust and long term brand trust.

3.2.13 Telecommunication

IFRS: The industries include:



Telecommunication
Services

NSE: The industries include:



Telecom
Services

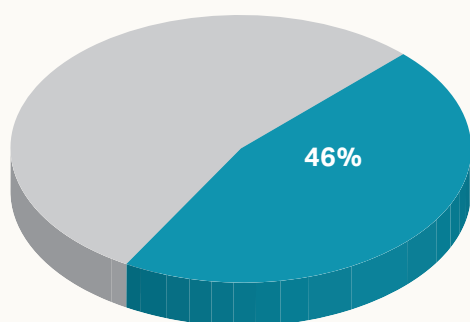


Telecom-
Equipment &
Accessories

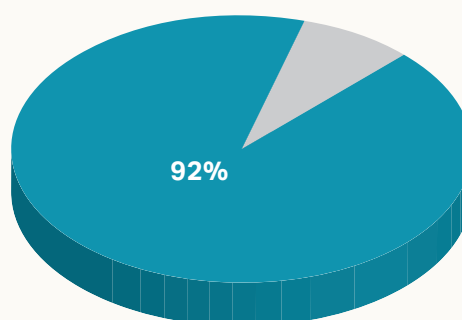
Alignment of BRSR with IFRS S1 and S2

The telecommunication sector faces critical sustainability challenges including operational resilience, customer data protection, service quality, and equitable access.

Current Alignment



Proposed Alignment



The proposed recommendations are expected to significantly increase the alignment of BRSR with IFRS S1 and S2 from 46% to 92%, the highest across all sectors. The increased disclosures on network resilience, data protection, and service quality will reinforce the telecom sector's accountability to deliver secure, reliable, and accessible services.

Proposed Recommendations

	Proposed Recommendations	Rationale	Investment Philosophy	International Standards	India's Policy/ Regulations/ Standards
	Business Continuity Disclose potential financial losses from operational disruptions, including probability of occurrence and associated time frames	Strengthening network resilience	Business continuity	GRI 201-1: Direct economic value generated and distributed	Information Technology (IT) Act, 2000 & Amendments CERT-In Guidelines (2022)
	Data Security Disclose policies and practices related to advertising and customer privacy	Strengthening customer data protection and preventing data misuse	Data Security & Privacy	GRI 418-1: Substantiated complaints concerning breaches of customer privacy and losses of customer data	Digital Personal Data Protection Bill, 2023 (DPDP Bill)
	Service Quality Describe risks and opportunities arising from practices such as net neutrality, zero rating, and paid peering, and their implications for service accessibility	Ensuring equitable consumer access	Product & customer responsibility	GRI 206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Prohibition of discriminatory tariffs for data services, Regulations, 2016
	Service Quality Report average service interruption metrics, including duration and frequency of system average interruptions and customer average interruptions	Improving network reliability and ensuring continuity of service	Reliable product delivery Maintaining operational resilience		Consultation Paper on Review of Quality-of-Service Standards for Access Services (Wireless and Wireline) and Broadband Services (Wireless and Wireline)

Proposed Recommendations	Rationale	Investment Philosophy	International Standards	India's Policy/ Regulations/ Standards
 Data Privacy Disclose the number of customers whose data is used for secondary purposes	Ensuring transparent use of customer data	Data Security & Privacy	GRI 418-1: Substantiated complaints concerning breaches of customer privacy and losses of customer data	Digital Personal Data Protection Bill, 2023 (DPDP Bill)
 Service Quality Report average sustained download speeds for both associated and non-associated content	Enhancing transparency in service quality	Product & customer Responsibility		Consultation Paper on Review of Quality-of-Service Standards for Access Services (Wireless and Wireline) and Broadband Services (Wireless and Wireline)

Greater transparency in these areas will enable the sector to demonstrate leadership in digital inclusion and trust and enhance consumer confidence in a digitally connected economy.

3.2.14 Construction Materials

IFRS: The industry include:



Construction Materials

NSE: The industries include:



Cement &
Cement
Products

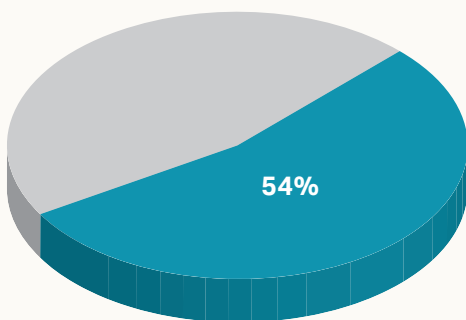


Other
Construction
Material

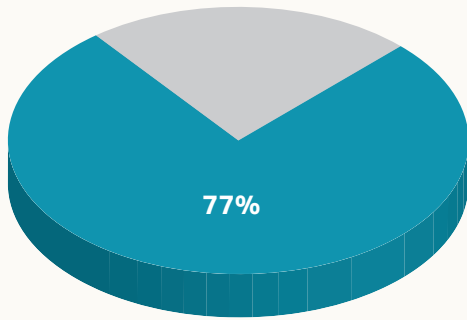
Alignment of BRSR with IFRS S1 and S2

As an industry with significant impact on environment from extraction as well as manufacturing, the sector has strong ESG disclosure requirements.

Current Alignment



Proposed Alignment



The targeted sector specific proposed recommendations will increase the sector's BRSR alignment with IFRS from 54% to 77%. These recommendations are aimed at further strengthening the sector's environmental accountability by improving disclosures on emissions, sustainable product innovation, and biodiversity management.

Proposed Recommendations

	Proposed Recommendations	Rationale	Investment Philosophy	International Standards	India's Policy/ Regulations/ Standards
	Decarbonization Disclose percentage of gross Global Scope 1 emissions, covered under emission limiting regulations	Increasing coverage and progress towards decarbonisation under emission limiting regulations	Climate Change Emissions & energy	GRI 305: Emissions GRI 305: Emissions GRI 303: Water	NDC Target, 2030 Net Zero Ambition, 2070 The Energy Conservation Amendment Act, 2022
	Sustainable Products Report percentage of products that qualify for credits under sustainable building design and construction certification	Encouraging adoption of sustainable construction practices	Sustainable Construction Building certification standards Green Buildings	GRI 302: Energy GRI 305: Emissions GRI 303: Water	Indian Green Building Certification (IGBC) BREEAM & GRIHA
	Biodiversity Management Disclose total terrestrial land area disturbed by business operations and percentage of impacted area restored	Tracking land use impact and biodiversity management	Responsible forest management Types of living organisms protected	GRI 101-2: Management of biodiversity impacts GRI 101-7 Changes to the state of biodiversity	Forest Conservation Act, 1980 Environment (Protection) Act, 1986 EIA Notification, 2006



3.2.15 Chemicals

IFRS: The industry include:



Chemicals

NSE: The industries include:



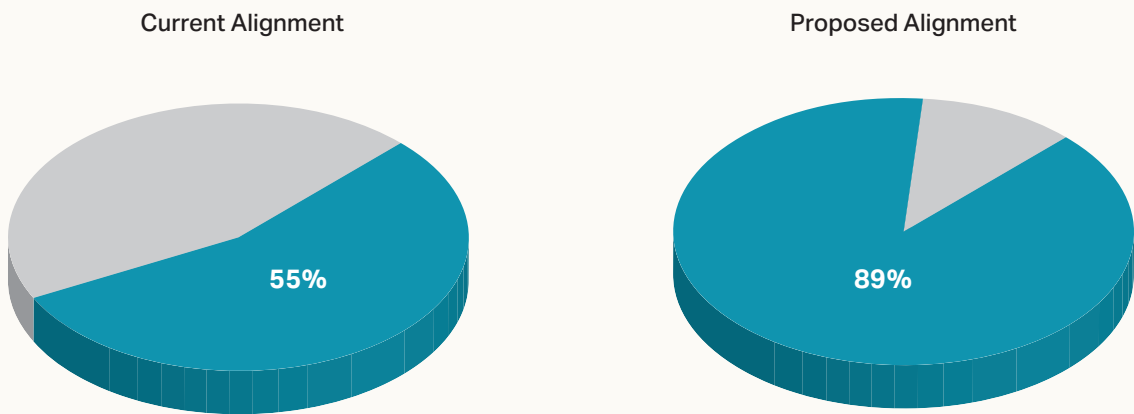
Chemicals & Petrochemicals



Fertilizers & Agrochemicals

Alignment of BRSR with IFRS S1 and S2

The chemical sector faces material risks related to emissions, hazardous substances, and workplace safety.



India’s chemical sector already has strong disclosure practices. However, the incorporation of the proposed recommendations will increase the BRSR alignment with IFRS from 55% to 89%, making it one of highest across all sectors. Enhanced reporting on emissions, energy efficiency, hazardous materials use, and process safety will improve the sector’s transparency and accountability.

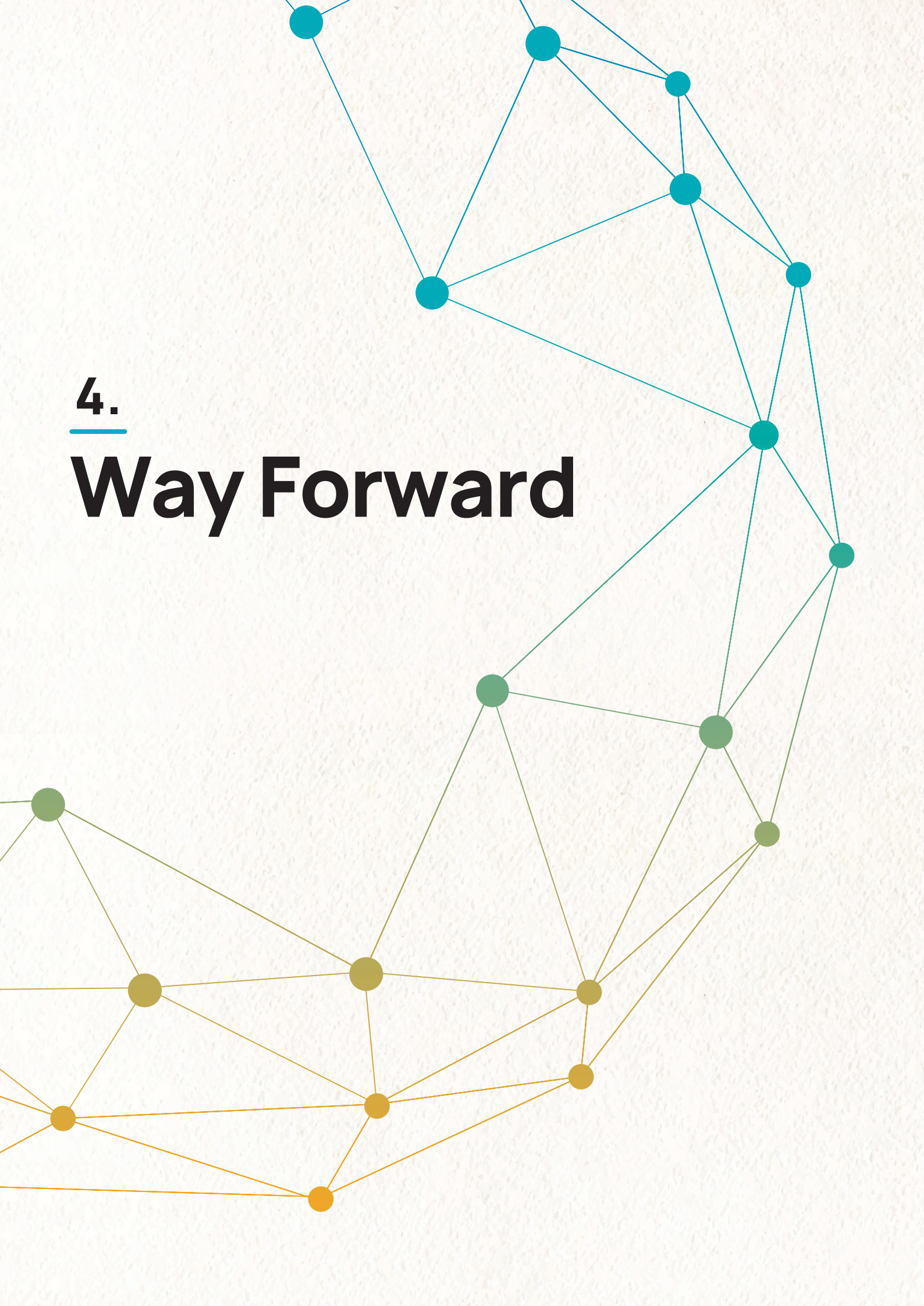
Proposed Recommendations

The following table summarises proposed sector specific recommendations aimed at improving its BRSR disclosures alignment with IFRS standards.

	Proposed Recommendations	Rationale	Investment Philosophy	International Standards	India's Policy/ Regulations/ Standards
	Decarbonization Disclose percentage of gross Global Scope 1 emissions, covered under emission limiting regulations	Increasing coverage and progress towards decarbonisation under emission limiting regulations	Climate Change Emissions & energy	GRI 305: Emissions	NDC Target, 2030 Net Zero Ambition, 2070
	Energy Efficiency Discuss efforts towards improving energy efficiency through Implementation of Green Chemistry Principle 6, 'Design for Energy Efficiency'	Strengthening energy efficiency reporting and supporting transition to green chemistry practices	Green Chemistry	GRI 302-1: Energy consumption within the organization	Perform, Achieve, and Trade (PAT) scheme
	Chemical Risk Management Disclose percentage of products that contain Globally Harmonised System of Classification and Labelling of Chemicals (GHS) Category 1 and 2 Health and Environmental Hazardous Substances	Reducing risks to biodiversity and human health from use of hazardous chemicals	Terrestrial and Aquatic Biodiversity Conservation Health & safety	GRI 101-7: Changes to the state of biodiversity GRI 101-8 Ecosystem services	Chemical (Management and Safety) Rules (CMSR), 2020 (Draft)
	Healthy Products Disclose revenues derived from products labelled as containing GMOs and those labelled as non-GMO	Enhancing consumer wellbeing and ensuring transparency in product risk management	Consumer well being Healthy product	GRI 416-1 Assessment of the health and safety impacts of product and service categories	Rules for the Manufacture, Use, Import, Export, and Storage of Hazardous Microorganisms/ GMOs, 1989

Proposed Recommendations	Rationale	Investment Philosophy	International Standards	India's Policy/ Regulations/ Standards
 Health & Safety Disclose number of Process Safety Incidents Count (PSIC), Process Safety Total Incident Rate (PSTIR), and Process Safety Incident Severity Rate (PSISR), along with strategies for continuous improvement in process safety	Strengthening workplace safety and reducing risks of chemical related accidents	Workplace safety Working conditions Health & safety	GRI 403-1: Occupational health and safety management system	The Factories Act, 1948 (Amended) Section 41B

These sector specific recommendations build upon a robust ESG reporting foundation established by BRSR. Enhancing the coherence, relevance, and depth of BRSR disclosures will further align them with IFRS standards. They strengthen the coverage of material environmental and social risks across industries, thereby improving transparency and usefulness of information for both global and domestic investors. Introduction of these sector specific recommendations will significantly elevate the level of IFRS alignment ensuring increased global comparability. They also support India's continued integration into the international capital markets and reinforce investor confidence.



4.

Way Forward



India's ESG disclosure framework is evolving rapidly with growing emphasis on integrating sustainability considerations into corporate decision-making parameters and risk management practices. This report reaffirms that high quality and increased alignment of ESG disclosures with international frameworks will be central to attracting enhanced sustainable finance into India. To further build on the strong foundational BRSR framework, this study presents sectoral recommendations based on an analysis of available literature and stakeholder consultations. Strengthening sectoral disclosure alignment with international standards, such as IFRS S1 and S2 and improving data consistency will deepen investor confidence in Indian industry.

Looking ahead, India is well poised to adopt a more robust, integrated, and future ready ESG disclosure ecosystem. Improved ESG disclosures will not only fulfil regulatory requirements but will also create tangible value by reducing investor risk perception, enabling better capital allocation, and strengthening long term corporate resilience. High quality, decision useful disclosures will help bridge the trust gap between companies and capital providers, lowering the cost of capital and making Indian companies increasingly globally competitive. The following strategic directions outline the most critical and actionable steps to further scale up sustainable finance in India:

Develop Sector-Specific ESG standards under BRSR

To build on the progress achieved by the BRSR framework, developing sector specific ESG standards could be the next major step in advancing India's ESG reporting ecosystem. A phased approach starting with high impact sectors such as power, financial services, automobile, and chemicals will enable more focused and meaningful reporting. Sector specific indicators will provide a more nuanced understanding of the sustainability challenges and opportunities unique to the particular sector allowing entities to design targeted and effective ESG strategies. Tailored indicators will enhance precision and relevance of reporting, strengthen alignment to global frameworks, support informed investment decisions and attract larger sustainability linked capital.

Strengthen Standardisation Amongst ESG Frameworks within Regulatory Landscape

India's ESG policy landscape is steadily expanding through multiple initiatives that include BRSR (SEBI), Draft Disclosure Framework on Climate-related Financial Risks, 2024 (RBI), and the Climate Finance Taxonomy (Ministry of Finance). Greater harmonisation and standardization across these complementary frameworks will help build a more integrated and efficient reporting environment. It will also simplify compliance, improve quality and comparability of disclosures, and enable information users to interpret sustainability information with greater clarity. A coordinated approach will strengthen regulatory coherence and further consolidate India's position as a leader in sustainable finance governance.

Create a Supportive Policy Landscape

A stable, transparent, and forward-looking policy landscape will be central to mainstreaming ESG adoption across India. Clearly defined regulatory expectations, consistent implementation, periodic alignment with international best practices will sustain momentum, boost India's global ESG image and enhance investor confidence. Regular stakeholder consultations, clarity in implementation guidelines, and policy incentives for ESG leadership will further strengthen trust between regulators, companies, and investors.

Institutionalise Mechanisms to Periodically Update ESG Indicators

To stay responsive to a dynamic global priority, India's ESG indicators should evolve alongside emerging themes such as biodiversity, circular economy, just transition and societal equity. Integrating these dimensions into BRSR will ensure that framework remains dynamic, relevant, and aligned with global investment standards. Adopting digital technologies, such as artificial intelligence (AI), blockchain technology, and centralised ESG data systems using XBRL, can significantly improve data quality, enhance comparability and enable real time sustainability performance monitoring.

Leverage Innovative Financial Instruments to Channel Capital

Expanding the use of sustainable financial products such as blended finance, sustainability linked loans, and ESG focused equity instruments have the potential to accelerate capital flow into India. These instruments, tailored to sector specific needs and risk return profiles, can help unlock long term capital and de-risk investment in sustainable infrastructure, low carbon technologies, MSMEs, and hard-to-decarbonize sectors.

Build Institutional Capacity through Training Programs

Building technical capability will be key to achieving high quality ESG reporting across the corporate spectrum. Structured, sector specific training modules can help companies, particularly MSMEs, to enhance their understanding of risk analysis, materiality mapping, data collection and integration of ESG into core business strategies. Strengthening internal capabilities will improve the quality of ESG reporting, support better investor engagement and drive India towards an increasingly maturity and globally competitive ESG ecosystem.

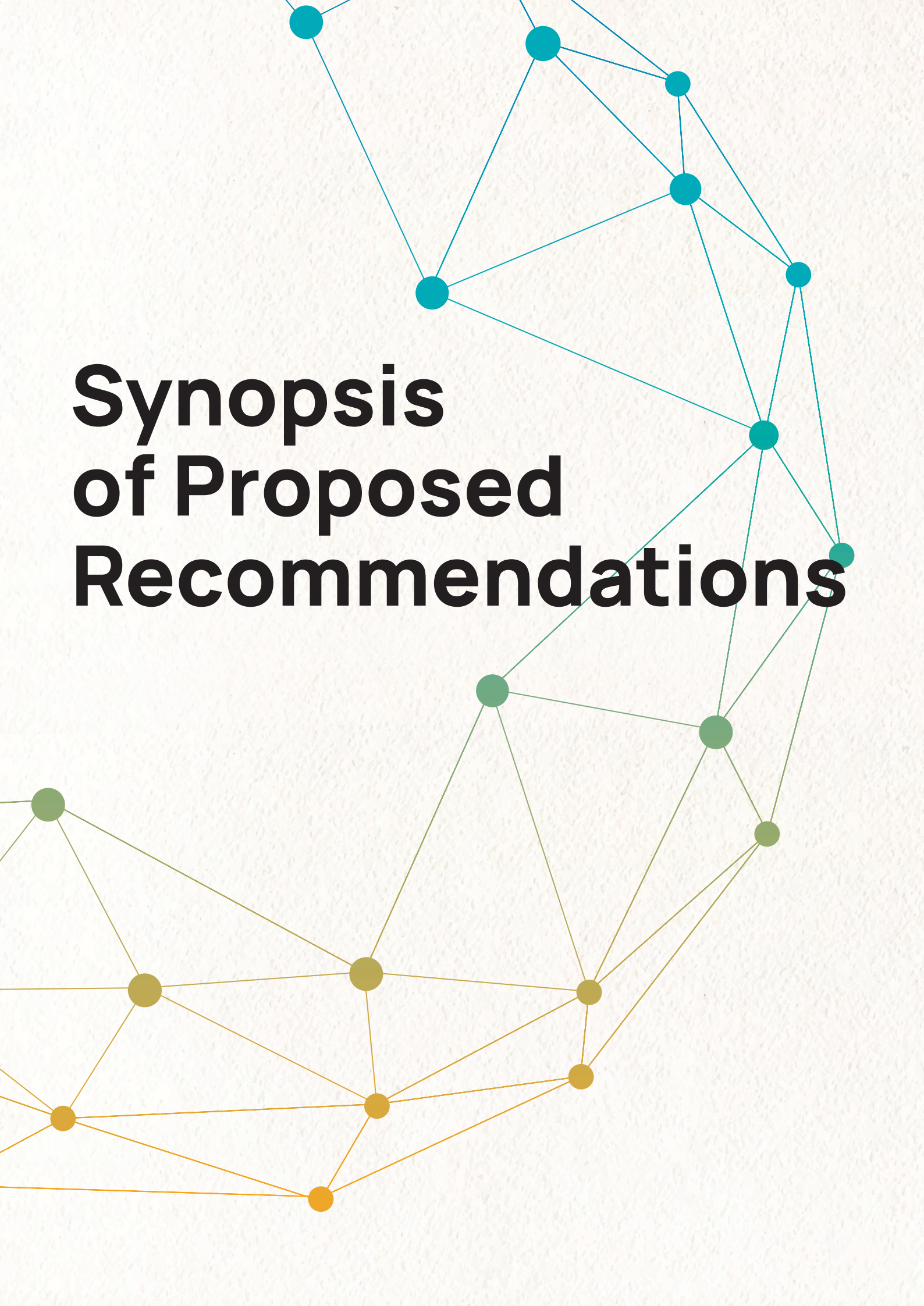
India's ability to attract sustainable finance will depend on the quality, relevance, and global alignment of ESG standards. This report reinforces that improved ESG disclosure is not just a compliance exercise but a strategic enabler of capital access, investor trust, and corporate competitiveness. As India advances on its transition to a low carbon, resilient, and inclusive economy, a globally harmonised ESG landscape will position India as a strong contender for sustainable capital.

While this report focuses on 'Degree of Alignment' under the requirement ("what") decision area, other focus areas, such as the regulatory processes, identification of reporting entities, and readiness for implementation remain under the purview of regulatory bodies such as SEBI. The in-depth alignment analysis presented in this study is intended to serve as a guide should regulators and policy makers choose to advance India's convergence with international sustainability frameworks such as IFRS.

Table 1 presents a consolidated overview of the proposed interventions, along with indicative timelines and implementing bodies, to facilitate coordinated action and realise the country's sustainable finance potential.

Table 1: Proposed Interventions

Proposed Interventions	Time period	Relevant Body
Develop Sector Specific ESG Standards under BRSR	Medium to Long Term	SEBI
Strengthen Harmonization Amongst Existing ESG Frameworks within India's Regulatory Landscape	Medium Term to Long Term	SEBI, RBI and Ministry of Finance (DEA), Indian Banking Association (IBA)
Create a Supportive Policy Landscape	Medium to Long Term	Government of India
Institutionalize Mechanisms to Periodically Update ESG Indicators	Long Term	SEBI
Leverage Innovative Financial Instruments to Channel Capital	Medium to Long Term	Government of India
Build Institutional Capacity through Training Programs	Short to Medium Term	Companies, Industry Associations

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Synopsis of Proposed Recommendations

SI No.	ESG Dimensions	Proposed Recommendations					
			Oil, Gas & Consumable Fuels	Financial Services	FMCG	Power	Automobile & Auto Component
1	Environment	Long term and short-term strategies or plan for reducing GHG emissions across Scope 1,2 and 3 including: (a) Defined emission reduction targets set by the entity (either absolute/intensity based) with specified baseline and target year (b) Performance analysis against these targets, including yearly progress, deviation and corrective actions undertaken	✓	✓	✓	✓	✓
2		Disclose percentage of gross Global Scope 1 emissions, covered under emission-limiting regulations				✓	
3		Disclose gross Financed Emission disaggregated by Industry		✓			
4		Disclose methodology used to calculate Financed Emissions		✓			
5		Disclose the number of low emission vehicles sold, including strategic sales planning					✓
6		Disclose strategies to manage fuel efficiency and emission risks and opportunities					✓
7		Report percentage of vehicular models rated under New Car Assessment Program (NCAP) and strategies to enhance vehicular safety					✓
8		Revenue generated from products which are resource efficient during use phase, along with strategies to promote their adoption.	✓		✓	✓	✓
9		Disclose average electrical and thermal energy efficiency of fuel cells, disaggregated by product type					
10		Describe risks associated with integration of renewable energy sources into existing infrastructure and disclose strategies to manage those risks				✓	
11		Discuss efforts towards improving energy efficiency through Implementation of Green Chemistry Principle 6, 'Design for Energy Efficiency'.					
12		Report percentage of hydraulically fractured wells with full public disclosure of fracturing fluid chemicals	✓				
13		Disclose air emission of key pollutants including MnO, Pb, and PAHs, in metric tons, along with applicable control measures.	✓			✓	
14		Disclose percentage of eligible products that meet volatile organic compound (VOC) emissions and content standards					
15		Revenue generated from reusable & recyclable products sold	✓		✓	✓	✓
16		Disclose percentage of revenue derived from eligible products meeting EPEAT or equivalent standards, including strategies to promote it.					
17		Disclose total weight of packaging material used, along with the percentage made from recycled material			✓		
18		Disclose strategies adopted to manage and mitigate the environmental impact of packaging across the product's lifecycle			✓		
19		Accidental releases involving hazardous substances, including the recovery method and remedial measures undertaken.	✓	✓	✓	✓	✓
20		Disclose total waste generated from both manufacturing activities and end-of-life vehicles, including the share of hazardous and recycled waste, and waste minimisation strategies implemented					✓
21		Report the total weight of tailings generated, in alignment with the Global Industry Standard on Tailings Management (GISTM), and maintain an inventory of tailings storage facilities					

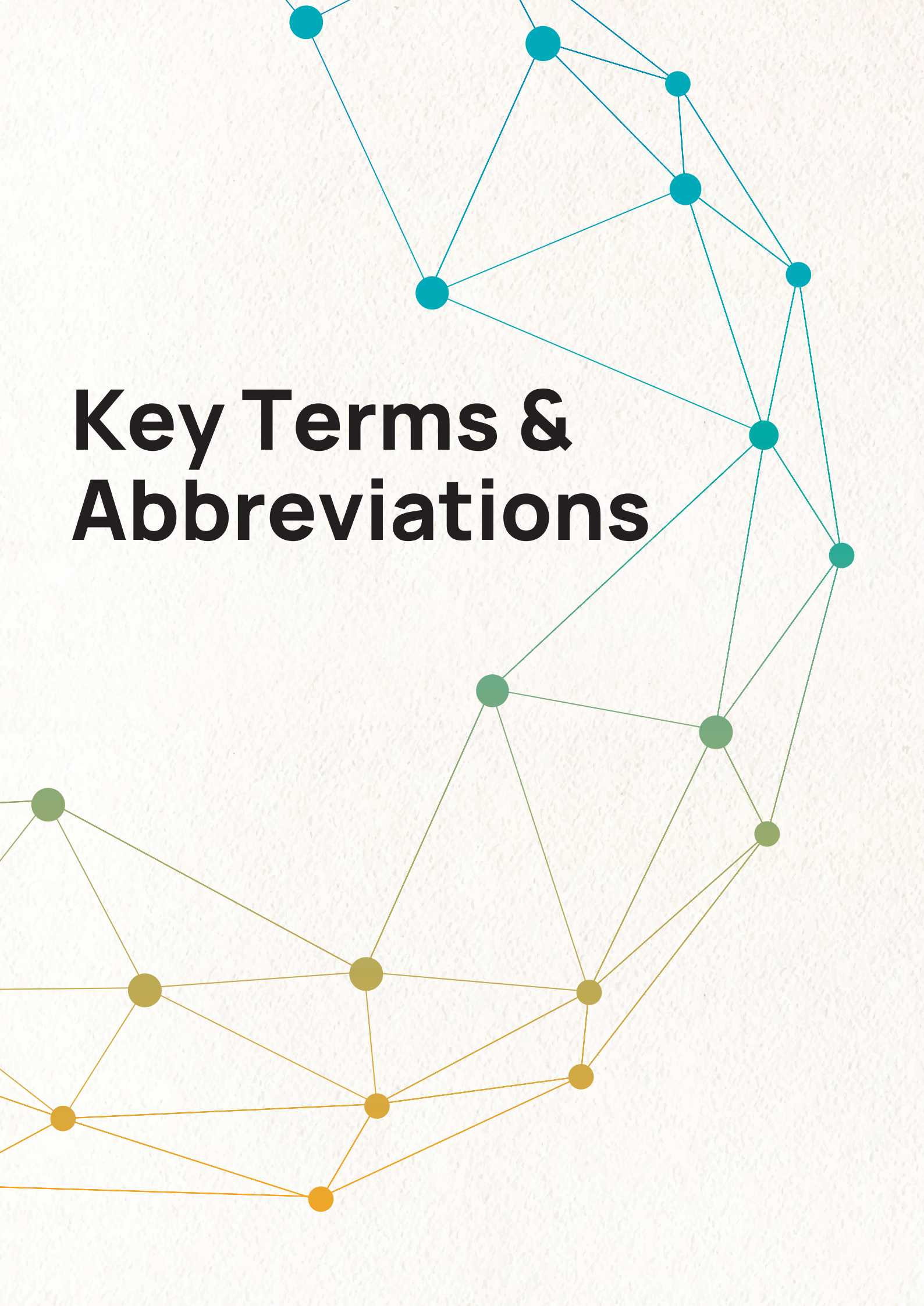
Applicable to Sectors									
Metals & Mining	Healthcare	Consumer Services	Information Technology	Capital Goods	Construction	Consumer Durables	Telecommunication	Construction Materials	Chemical
✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
								✓	✓
✓	✓	✓	✓	✓	✓	✓		✓	✓
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			✓						
✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
✓									

SI No.	ESG Dimensions	Proposed Recommendations					
			Oil, Gas & Consumable Fuels	Financial Services	FMCG	Power	Automobile & Auto Component
22	Environment	Disclose the amount of waste rock generated, in metric tons, and outline measures to manage its environmental impact					
23		Report total coal combustion residual generated and percentage recycled through safe and compliant disposal or reuse practices.				✓	
24		Discuss processes adopted to identify, assess, and manage the negative impact on environment and human health arising out of use of chemicals in products.			✓		
25		Disclose the percentage of products(by revenue) that contain substances listed under IEC 62474, including risk identification & mitigation practices				✓	
26		Disclose percentage of products that contain Globally Harmonised System of Classification and Labelling of Chemicals (GHS) Category 1 and 2 Health and Environmental Hazardous Substances					
27		Disclose strategies to ensure compliance with applicable regulations on the use of restricted substances in products					
28		Disclose percentage of proved and probable reserves located in or near ecologically sensitive areas, including protected zones and habitats of endangered species	✓				
29		Disclose total terrestrial land area disturbed by operations and the percentage of disturbed area that has been restored	✓				
30		Disclose number and duration of project delays caused by ecological factors, along with mitigation and restoration strategies				✓	
31		Management of risk identification and mitigation measures related to use of critical materials	✓			✓	✓
32		Disclose percentage of priority raw materials and management of associated environmental and social risks that may impact long-term sourcing					
33		Disclose actions for management of environmental and social risks related to palm oil sourcing, including source traceability and supplier audit mechanisms.			✓		
34		Disclose strategies to manage environmental and social risk related to animal welfare within the supply chain			✓		
35		Report percentage of the entity's facilities and Tier 1 supplier facilities covered under independent third-party audit programmes for manufacturing processes and product quality assurance					
36		Disclose percentage of priority raw materials certified under a recognised environmental and social sustainability standards					
37		Disclose percentage of biofuel production certified by recognized third party environmental sustainability standards.	✓				
38		Report percentage of products that qualify for credits under sustainable building design and construction certification					
39		Report number of physical assets or facilities located in high-risk climate zones, including 100-year flood-prone areas					
40		Disclose total monetary losses attributable to insurance payouts from modelled natural catastrophes		✓			
41		Strategies for integrating and managing climate change and environmental considerations in project planning	✓		✓	✓	✓
42		Disclose number of commissioned projects, certified under recognized third-party sustainability standards, along with ongoing projects actively pursuing such certifications					

Applicable to Sectors									
Metals & Mining	Healthcare	Consumer Services	Information Technology	Capital Goods	Construction	Consumer Durables	Telecommunication	Construction Materials	Chemical
✓									
	✓	✓				✓			
			✓			✓			
									✓
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					✓				

SI No.	ESG Dimensions	Proposed Recommendations					
			Oil, Gas & Consumable Fuels	Financial Services	FMCG	Power	Automobile & Auto Component
43	Social	Labour disruptions and total duration of work stoppages, including their causes, impact on production, and corrective actions taken.	✓	✓	✓	✓	✓
44		Disclose number of Process Safety Incidents Count (PSIC), Process Safety Total Incident Rate (PSTIR), and Process Safety Incident Severity Rate (PSISR), along with strategies for continuous improvement of process safety	✓				
45		Describe processes adopted to ensure quality and patient safety in clinical trials, including informed consent procedures for trial participants					
46		Disclose the number of reportable pipeline incidents	✓				
47		Disclose strategies to manage and communicate the use of genetically modified organisms (GMO) in products			✓		
48		Disclose revenues derived from products labelled as containing GMOs and those labelled as non-GMO.			✓		
49		Disclose system reliability performance using standard industry metrics such as System Average Interruption Duration Index (SAIDI), (2) System Average Interruption Frequency Index (SAIFI), and (3) Customer Average Interruption Duration Index (CAIDI), including major event days				✓	
50		Report average service interruption metrics, including duration and frequency of system average interruptions and customer average interruptions.					
51		Report average sustained download speeds for both associated and non-associated content					
52		Disclose customer retention rates		✓			
53		Disclose complaints to claim ratio		✓			
54		Describe risks and opportunities arising from practices such as net neutrality, zero-rating, and paid peering, and their implications for service accessibility					
55		Operations located in or near Indigenous lands, including periodic due diligence and community engagement practices undertaken.	✓		✓	✓	✓
56		Report number of participants in financial literacy initiatives targeting unbanked, underbanked, or underserved populations		✓			
57		Disclose number of no-cost retail checking accounts provided to customers		✓			
58		Report number and total value of loans outstanding to programs that promote small business growth and community development		✓			
59	Governance	Policies and operational practices to prevent anti-competitive behaviour	✓	✓	✓	✓	✓
60		Describe proxy voting and investee engagement policies and procedures, including how sustainability issues are considered		✓			
61		Disclose potential financial losses from operational disruptions, including probability of occurrence and associated timeframe					
62		Disclose number and duration of site shutdowns or project delays due to non-technical factors, along with underlying causes and mitigation strategies	✓				
63		Describe the strategies to manage product safety-related complaints, percentage investigated, and the existing grievance mechanisms					✓
64		Discuss the policies and practices to safeguard customers' personal health data, including mechanisms for data security and privacy compliance					
65		Disclose policies and practices related to advertising and customer privacy					
66		Discuss the policies and practices to safeguard customers' personal health data, including mechanisms for data security and privacy compliance					

Applicable to Sectors									
Metals & Mining	Healthcare	Consumer Services	Information Technology	Capital Goods	Construction	Consumer Durables	Telecommunication	Construction Materials	Chemical
✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
									✓
	✓								
									✓
			✓				✓		
							✓		
							✓		
✓		✓		✓	✓	✓	✓	✓	✓
✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
			✓				✓		
✓									
	✓								
			✓				✓		
	✓								

The background of the page features a light beige, textured surface. Overlaid on this are two abstract geometric patterns. The upper pattern consists of teal-colored dots connected by thin teal lines, forming a series of interconnected triangles. The lower pattern consists of orange and olive-green dots connected by thin orange lines, also forming a series of interconnected triangles. The title 'Key Terms & Abbreviations' is centered in the middle of the page in a large, bold, black sans-serif font.

Key Terms & Abbreviations

AIS - Automotive Industry Standards

APAC - Asia-Pacific

AUM - Assets Under Management

BRR - Business Responsibility Report

BRSR - Business Responsibility and Sustainability Reporting

CAGR - Compound Annual Growth Rate

CDSB - Climate Disclosure Standards Board

CPCB - Central Pollution Control Board

CSR - Corporate Social Responsibility

CSRD - Corporate Sustainability Reporting Directive

DFI - Development Finance Institutions

EFRAG - European Financial Reporting Advisory Group

EPR - Extended Producers Responsibility

ESG - Environment, Social & Governance

ESRS - European Sustainability Reporting Standards

EU - European Union

GDP - Gross Domestic Product

GHG - Greenhouse Gas

GRI - Global Reporting Initiative

IFC - International Finance Corporation

IFRS - International Financial Reporting Standards

IOSCO - International Organization of Securities Commissions

ISSB - International Sustainability Standards Board

IR - Integrated Reporting

LODR - Listing Obligations and Disclosure Requirements Regulations

LT-LEDS - Long-term Low-Emission Development Strategy

MCA - Ministry of Corporate Affairs

MoF - Ministry of Finance

MSME - Micro, Small & Medium Enterprises

NBFC - Non-Banking Financial Companies

NDC - Nationally Determined Contributions

NGRBC - National Guidelines for Responsible Business Conduct

NSE - National Stock Exchange

PAT - Perform, Achieve and Trade

RE - Regulated Entities

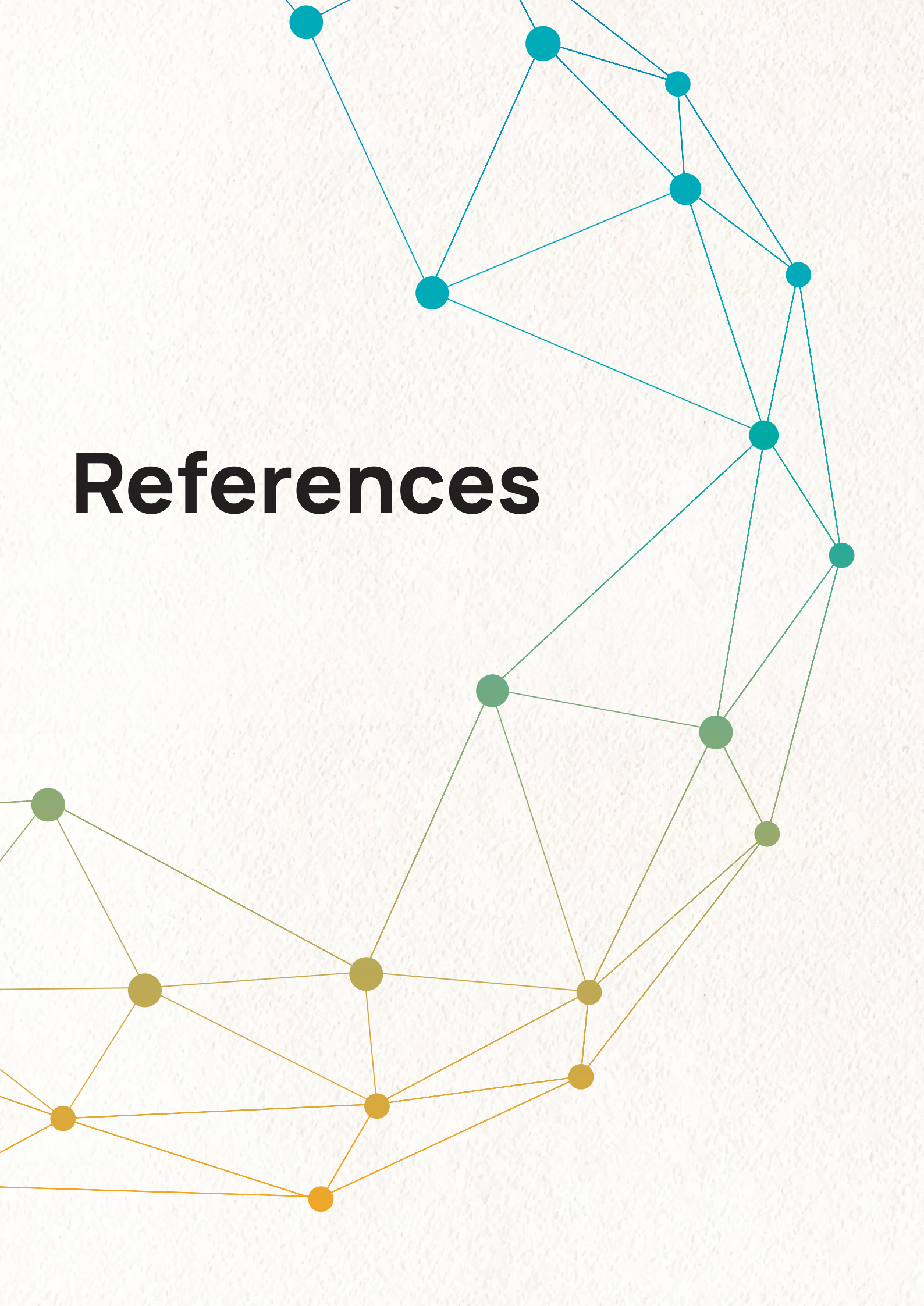
SASB - Sustainability Accounting Standards Board

SEBI - Securities and Exchange Board of India

TCFD - Task Force on Climate-related Financial Disclosures

UNFCCC - United Nations Framework Convention on Climate Change

XBRL - eXtensible Business Reporting



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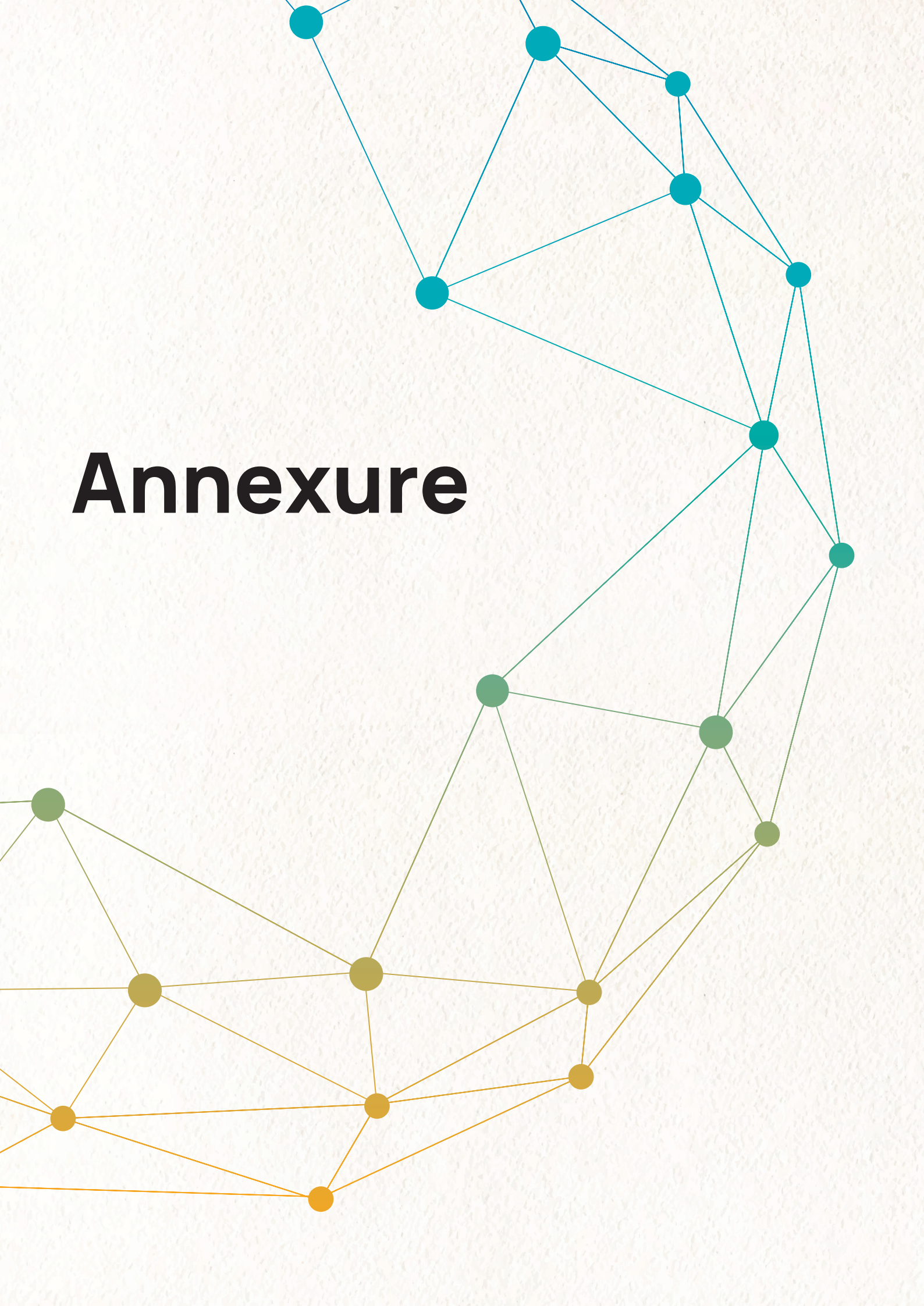
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An abstract geometric pattern composed of interconnected nodes and lines. The nodes are colored in three distinct groups: teal (top right), green (middle right), and orange (bottom left). The lines connecting them are also color-coded to match their respective groups. The overall shape is irregular and organic, resembling a stylized map or a network diagram. The word "Annexure" is printed in a bold, black, sans-serif font, centered horizontally and partially overlaid by the teal and green sections of the pattern.

Annexure

Annexure I: List of industry members engaged for stakeholder consultation

SI No.	Company Name
1	Adani Energy Solutions Limited
2	Adani Green Energy Limited
3	Apollo Tyres Limited
4	Bharat Forge Limited
5	Dalmia Bharat Limited
6	DCM Shriram Ltd.
7	Dr. Reddy's Laboratories Limited
8	Eternal Limited (formerly Zomato Limited)
9	Fortis Healthcare Limited
10	Godrej Industries
11	JK Cement Limited
12	JK Lakshmi Cement Limited
13	Mahindra & Mahindra Limited
14	MRF Limited
15	Poly Medicure Limited
16	Siemens Limited
17	Sterlite Technologies Limited
18	Tata Chemicals Limited
19	Tata Consultancy Services Limited
20	Tata Consumer Products Limited
21	Triveni Engineering & Industries Limited
22	UltraTech Cement Limited
23	Zydus Lifesciences Limited

Annexure II: List of domestic & foreign institutional investors engaged for stakeholder consultation

Domestic Institutional Investors (DIIs)

SI No.	Company Name
1	ICICI Bank Limited
2	State Bank of India
3	Axis Bank Limited
4	Kotak Mahindra Bank Limited
5	IndusInd Bank Limited
6	Union Bank of India
7	YES Bank Limited
8	The Federal Bank Limited
9	UTI Asset Management Company Limited
10	SBI Mutual Fund
11	ICICI Prudential Mutual Fund
12	Quantum Mutual Fund
13	Axis Max Life Insurance Limited
14	EAAA India Alternatives Limited
15	Omnivore
16	Multiples Alternate Asset Management
17	Ascortis Credit

Foreign Institutional Investors (FIIs)

SI No.	Company Name
1	Deutsche Bank
2	Hongkong and Shanghai Banking Corporation (HSBC)



Confederation of Indian Industry

The Confederation of Indian Industry (CII) works to create and sustain an environment conducive to the development of India, partnering Industry, Government and civil society through advisory and consultative processes.

For 130 years, CII has been engaged in shaping India's development journey and works proactively on transforming Indian Industry's engagement in national development. With its extensive network across the country and the world, CII serves as a reference point for Indian industry and the international business community.

In the journey of India's economic resurgence, CII facilitates the multifaceted contributions of the Indian Industry, charting a path towards a prosperous and sustainable future. With this backdrop, CII has identified "Accelerating Competitiveness: Globalisation, Inclusivity, Sustainability, Trust" as its theme for 2025-26, prioritising five key pillars. During the year, CII will align its initiatives to drive strategic action aimed at enhancing India's competitiveness by promoting global engagement, inclusive growth, sustainable practices, and a foundation of trust.



**CII-ITC Centre of Excellence
for Sustainable Development**



The CII Centre of Excellence for Sustainable Development (CESD), now in its 20th year, drives sustainable, environmental, inclusive and climate-friendly transformation among stakeholders. It is the ecosystem creator for sustainable development in India and builds collaborative initiatives for enhancing actions; designs data-driven digital tools and frameworks for capacity development and advocates for policy reforms to advance responsible business practices.

CESD works towards bringing local and global macro challenges to the centerstage; building policy consensus on critical issues; strengthening stakeholders' awareness and representation on policy & regulatory reforms and enabling actions that positively impact the environment, nature and communities.

With a vision to drive transformation towards sustainable development, CESD continues to play a focal role in Government-Industry dialogues on national regulations; articulating stakeholders' discourse on global policies; putting forth Indian Industry's stand on macro-economic issues and accentuating the need for sustainable and inclusive transformation.

CESD focuses on six transformational pathways: Advancing Creation of a Circular Economy; Facilitating an Enabling Ecosystem for ESG Reporting; Accelerating Nature Positive Actions; Enhancing Solutions for Clean Air; Building Climate Resilience and Low- Carbon Economy and Fostering Dialogues, Engagements & Knowledge Exchange.

CII-ITC Centre of Excellence for Sustainable Development

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