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Proposal for Financial Assistance

Research Title:	**COMPLIANCE OF THE ENVIRONMENTAL, SOCIAL, AND GOVERNANCE (ESG) NORMS BY THE LISTED COMPANIES IN INDIA: AN ASSESSMENT**
Implementor/Organisation:	**Centre for Law, Business and Economics, Himachal Pradesh National Law University, Shimla,** (16 Miles, Shimla-Mandi National Highway, Village Ghandal, Post. Sakarah, Sub-Tehsil Dhami, Shimla, HP-171014)
Head of Organisation:	**Prof. Dr. Girjesh Shukla,** **Director, Centre for Law, Business and Economics**
Description of Research Team:	**Prof. Dr. Girjesh Shukla (Principal Investigator)** Digvijay S. Katoch, (Assistant Prof. of Law, HPNLU Shimla)
Research Objective:	The present proposal intends to empirically examine and assess the compliance of the ESG norms executed by the Securities and Exchange Board of India (SEBI) under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The research objectives are listed below- (i) To study and outline the conceptual background behind the ESG norms as adopted by the SEBI. (ii) To study the factors necessary in identifying the ESG materiality, relevant to the company and its stakeholders. (iii) To study the materiality assessment strategy. (iv) To study the strategies for integration and adjustment of the ESG cost to that of the companies' business. (v) To assess the impact of ESG compliance on the business of the listed companies. (vi) To make a comparative study on the compliance of ESG by listed companies in India, the United States, and England. (vii) To empirically examine and assess the compliance of the ESG norms as notified by the SEBI. (viii) To study the disclosure requirements of the ESG by listed companies. (ix) To assess the reporting patterns on ESG, as notified by the SEBI.

PROJECT BUDGET: PER FINANCIAL YEAR

Proposed Start Date: October 2023	**Estimated End Date of Project: September 2024**
Division of Cost Across the Years	**Total Cost of the Project: 740,000/- (Rupees Seven Lakhs Forty thousand)** ***Note*** – The detailed budget is attached herewith for reference.
Research Methodology **(i) Sample Size**	**(i) Criteria for identification of sample** The samples will be selected from the companies listed at NSE/BSE. **(ii) Sample Size** • ESG compliance by a minimum of 100 listed companies will be studied.
Key Deliverables	(i) Quarterly Reports about the Project's Progress (ii) Report of the Focused Group Discussions (iii) Report of the One-Day National Conference (iv) Dissemination of Information about the Project through Online Medium & University Website (v) Report of the Project (comprising of qualitative and quantitative components) on completion

Activity-based Budget			
Sr. No.	**Activity**	**Expected Time**	**Months**
1.	Selection of Researcher	Three Weeks	October 2023
2.	Review of Literature	Twelve Weeks	Oct.-Dec. 2023
3.	Preparation of Data Collection Tools & Data Testing through pilot work	One month	Jan.-Feb. 2024
4.	Quantitative Study & Data Collection on ESG Compliance	Four Months	Mar.- June. 2024
5.	Data Synthesisation	One Month	July 2024
6.	Report Writing	Two Months	Aug.-Sept. 2024

A Project on

COMPLIANCE OF THE ENVIRONMENTAL, SOCIAL, AND GOVERNANCE (ESG) NORMS BY THE LISTED COMPANIES IN INDIA: AN ASSESSMENT

1. Corporate Set-up

Companies across jurisdictions have traditionally pursued profit maximization as their primary business objective. While this approach has led to remarkable economic growth and global competitiveness, it has also raised concerns about its adverse impact on the environment, social and governance aspects. The pursuit of profit often leads companies to prioritize short-term gains over long-term sustainability. This has manifested in practices that harm the environment, including pollution, resource depletion, and unsustainable land use. Such activities not only damage ecosystems but also have repercussions on human health and well-being. Additionally, profit maximization can sometimes disregard the social aspects of business. The primary objective of a business was to make profits and any business was responsible to its shareholders and not to the community and its employees. This led the companies to engage in labour exploitation, disregard employee welfare, or overlook their responsibilities towards local communities. This has resulted in damage to the environment, and ecosystem, and caused harm to society. The said trend continued for a long due to the support of the investors, who were primarily allured by the quantity of return of their investment, rather than the sustainability of the venture.

The private sector is widely considered the engine of economic growth. It has, among other things, contributed to technological advancements in key sectors, such as energy and transportation, increased life expectancy through innovation in health care, and helped over a billion people escape living in extreme poverty. However, this engine of growth has wreaked havoc on the ecological systems that support human life on this planet and has contributed to considerable social inequality.

Amidst this economic surge, a critical debate has arisen regarding the priorities of Indian corporations - whether they should solely focus on profit maximization or incorporate Environmental, Social, and Governance (ESG) concerns into their business strategies. The increased engagement with social issues enables corporations to be better informed, fostering a more holistic approach to decision-making that takes into account societal needs and challenges. This contributes to the development of a more empathetic corporate culture, which is not just focused on profits but also considers societal welfare as part of its business mandate. The need for a transition towards a more balanced approach, where profit generation coexists with environmental sustainability and social responsibility has been realized by the Investors and the corporations. This has encouraged Indian companies to adopt sustainable business practices, fostering a harmonious relationship between economic growth, environmental protection, and social well-being. Recognizing the interdependence of profit, the environment, and society is essential for achieving a more equitable and sustainable future for India's corporate landscape.

1.1 Conceptualizing ESG

ESG stands for environmental, social, and governance. It is a framework for companies to assess and manage their impact on the environment, society, and the way they are governed. Investors, customers, regulators, and other stakeholders are increasingly demanding that companies disclose their ESG performance. ESG involves pursuing responsible and ethical business practices with attention to social, environmental, and economic development. The ESG-enabled lens allows companies to manage the risks and opportunities created by changes in environmental, economic, and social systems.

The term was first used in a 2004 report titled "Who Cares Wins," a collaborative initiative of financial institutions at the invitation of the United Nations.[1] In less than 20 years since then, the ESG wave has grown into a global phenomenon. India being a signatory party to the Brundtland Commission and other subsequent International Treaties such as the Stockholm Convention, and Paris Agreement has recognized and incorporated the idea of sustainable development and has now mandated the corporations to work in a set-up where principles for meeting human development goals is taken simultaneously in sustaining the ability of natural systems to provide the natural resources and ecosystem services on which the economy and society depend. A need at the global level to go-green has made a paradigm shift in the companies' objective from profit maximization to sustainable long-term business development. A vision of Sustainable Development highlights the potential benefits, such as improved reputation, risk mitigation, and access to responsible investment, that can accrue to businesses that embrace ESG principles.

ESG reporting can help companies to attract and retain investors, customers, and employees. Companies are increasingly being rated on ESG performance by ESG rating providers and these ratings are increasingly impacting their ability to attract investors, and lenders and win business. In recent years, there has been a growing recognition of the significant economic and financial impact of climate change and environmental, social, and governance (ESG) risks. ESG links to cash flow in five important ways: (1) facilitating top-line growth, (2) reducing costs, (3) minimizing regulatory and legal interventions, (4) increasing employee productivity, and (5) optimizing investment and capital expenditures. ESG is modern-day capital expenditure, which helps the company to expand its profit-earning apparatus, and thus, transacting into these will generate greater profit-earning capacity.

1.3 ESG and SEBI Requirements

Based on the recommendations of the ESG Advisory Committee and pursuant to public consultation, SEBI has introduced a regulatory framework for listed entities on ESG disclosures for the value chain and assurance, *as per* the Business Responsibility and Sustainability Report Code. SEBI vide its notification of Master Circular dated 11th July 2023 has incorporated the

[1] UNDP "Future of Development", available at Rethinking the governance of ESG | United Nations Development Programme (undp.org) (visited on August 29, 2023)

Business Responsibility and Sustainability Report in the Listing Regulations ("LODR").[2] The BRSR seeks disclosures from listed entities on their performance against the nine principles of the 'National Guidelines on Responsible Business Conduct' (NGRBCs) and reporting under each principle is divided into essential and leadership indicators. The essential indicators are required to be reported on a mandatory basis while the reporting of leadership indicators is on a voluntary basis. Listed entities should endeavour to report the leadership indicators also.

The BRSR is intended to have quantitative and standardized disclosures on ESG parameters to enable comparability across companies, sectors, and time. Such disclosures will be helpful for investors to make better investment decisions. The BRSR will enable companies to engage more meaningfully with their stakeholders, by encouraging them to look beyond financials and towards social and environmental impacts.

The listed entities already preparing and disclosing sustainability reports based on internationally accepted reporting frameworks (such as GRI, SASB, TCFD, or Integrated Reporting) may cross-reference the disclosures made under such framework to the disclosures sought under the BRSR. The BRSR Core is a sub-set of the BRSR, consisting of a set of Key Performance Indicators (KPIs) /metrics under 9 ESG attributes. Keeping in view the relevance to the Indian / Emerging market context SEBI has identified a few new KPIs for assurance such as job creation in small towns, open-ness of business, gross wages paid to women etc. Further, for better global comparability intensity ratios based on revenue adjusted for Purchasing Power Parity (PPP) has been included by SEBI under the BRSR Core.

1.4 Framework for ESG

The main form of ESG reporting in India is the BRR/BRSR. The annual report is shared with the shareholders, submitted to the stock exchange, and published on the company's website. The BRSR seeks disclosure from listed entities of their performance against the nine principles of the 'National Guidelines on Responsible Business Conduct' (NGRBC), which were issued by the Government of India's Ministry of Corporate Affairs (MCA) in the background of emerging global concerns, the Sustainable Development Goals (SDGs), and the United Nations Guiding Principles on Business and Human Rights.

These principles require that businesses should:

i. conduct and govern themselves with integrity, and in a manner that is ethical, transparent, and accountable.

ii. provide goods and services in a manner that is sustainable and safe.

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[2] After the second LODR amendment in regulation 34 sub-regulation (2), clause (f) has been substituted with the following clause, namely, -
"(f) for the top one thousand listed entities based on market capitalization, a **Business Responsibility and Sustainability Report** on the environmental, social and governance disclosures, in the format as may be specified by the Board from time to time.

iii. respect and promote the well-being of all employees, including those in their value chains.

iv. respect the interests of and be responsive to all stakeholders.

v. respect and promote human rights;

vi. respect and make efforts to protect and restore the environment;

vii. when engaging in influencing public and regulatory policy, do so in a manner that is responsible and transparent;

viii. promote inclusive growth and equitable development; and

ix. engage with and provide value to their consumers in a responsible manner.

Reporting under the BRSR format is divided into three parts: general disclosures; management and process disclosures; and, principle-wise, performance disclosures. Reporting under each principle is divided into essential indicators and leadership indicators. The essential indicators are expected to be mandatorily disclosed while leadership indicators may be voluntarily disclosed. Some of the disclosures sought in the BRSR are:

i. An overview of the entity's material ESG risks and opportunities, and the approach to mitigate or adapt to the risks along with financial implications of the same.

ii. Sustainability-related goals and targets, and performance against the same.

iii. Environment-related disclosures covering aspects such as resource usage (water and energy), greenhouse gas emissions, air pollutant emissions, biodiversity, waste generated, waste management practices, etc.

iv. Social-related disclosures covering the workforce, value chain, consumers and communities including: (a) employees/workers – disclosures on gender diversity, social diversity including measures for differently abled persons, wages, turnover rates, welfare benefits, training, occupational health and safety, etc.; (b) consumers – disclosures on product recall, product labelling, complaints by consumers regarding cyber security, data privacy, etc.; and (c) communities – disclosures on social impact assessments, CSR, rehabilitation and resettlement, etc.

v. Governance-related disclosures covering aspects such as training and awareness programmes, anti-corruption or anti-bribery policies, fines and penalties imposed on the entity, directors or key management personnel, complaints with respect to conflicts of interest, affiliations with trade and industry associations, any corrective actions taken by authorities on issues related to anti-competitive conduct, etc.

The BRSR also provides for inter-operability of reporting, i.e., entities that prepare sustainability reports based on internationally accepted reporting frameworks (such as the Global Reporting Initiative (GRI), Sustainability Accounting Standards Board (SASB), Task Force on Climate-Related Financial Disclosures (TCFD) and the International Integrated Reporting Council

(IIRC)) may cross-reference the disclosures made under such frameworks to the disclosures sought under the BRSR.

1.5 BRSR CORE [ESG RATING PROVIDERS]

In order to facilitate the verification process, the BRSR Core specifies the data and approach for reporting and assurance. For ease of reference, the BRSR Core contains a cross-reference to the disclosures contained in the BRSR. Accordingly, From FY 2023–2024, the top 1000 listed entities (by market capitalization) must make disclosures for the value chain and assurance as per the updated BRSR format, as part of their Annual Reports. The requirement of BRSR Core is applicable in phases, depending upon the FY, which is as follows:

- In FY 2023-24, the BRSR Core requirements are applicable to the top 150 listed entities.
- In FY 2024-25, the BRSR Core requirements shall extend to the top 250 listed entities.
- In FY 2025-26, the BRSR Core applicability shall encompass the top 500 listed entities.
- In FY 2026-27, the BRSR Core requirements shall be applicable to the top 1000 listed entities, ensuring a more comprehensive coverage of significant companies operating in the market.

Further, listed entities must report the KPIs in the BRSR Core for their value chain to the extent it is attributable to their business with that value chain partner. Such reporting may be segregated for upstream and downstream partners or can be reported on an aggregate basis.

The Board of the listed entity is required to ensure that the assurance provider of the BRSR Core has the necessary expertise for undertaking reasonable assurance. Also, the listed entity must ensure that there is no conflict of interest with the assurance provider appointed for assuring the BRSR Core.

2. Statement of Problem

Post-Covid-19, companies, and their primary stakeholders have recognized the fact that actions pertaining to ESG cannot be delayed further, and a strong sustainability implementation is urgently required for a sustainable business model. Even though a robust corporate ESG programme are undeniable, companies are facing stiff challenges in building the ESG framework.

The primary challenge is about identifying the appropriate material issues that are most relevant to their stakeholders. ESG issues are sector/company specific. Companies are required to focus on material issues that directly affect their stakeholders, impact society, and contribute to the bottom line. A materiality assessment conducted by assessing the requirements of a broad range of stakeholders will provide the blueprint for an organization's ESG strategy going forward.

Further, the costs to integrate ESG into their operations and report relevant ESG information can be disproportionately larger for newly listed companies or companies who are still in the process of developing their businesses and often have scarce resources. New disclosure

requirements under BRSR (Business Responsibility and Sustainability Report) can cause companies to incur new costs and will burden them in collecting, collating, calculating, and presenting new information.

Thus, any effective implementation of ESG would face the following challenges: -

(i) Identifying the appropriate ESG-related material issues that are most relevant to the company and its stakeholders.

(ii) A materiality assessment conducted by assessing the requirements of a broad range of stakeholders to provide the blueprint for an organization's ESG strategy.

(iii) Integration and adjustment of the ESG cost to that of the business.

3. Objectives

The present proposal intends to empirically examine and assess the compliance of the ESG norms executed by the Securities and Exchange Board of India (SEBI) under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The research objectives are listed below-

(i) To study and outline the conceptual background behind the ESG norms as adopted by the SEBI.

(ii) To study the factors necessary in identifying the ESG materiality, relevant to the company and its stakeholders.

(iii) To study the materiality assessment strategy.

(iv) To study the strategies for integration and adjustment of the ESG cost to that of the companies' business.

(v) To assess the impact of ESG compliance on the business of the listed companies.

(vi) To make a comparative study on the compliance of ESG by listed companies in India, the United States, and England.

(vii) To empirically examine and assess the compliance of the ESG norms as notified by the SEBI.

(viii) To study the disclosure requirements of the ESG by listed companies.

(ix) To assess the reporting patterns on ESG, as notified by the SEBI.

4. Methodology

(a) The research, being action research, the following methodology is proposed herewith-

(i) **Qualitative Work:** Doctrinal Work in theorizing the concept and conducting an extensive literature review. It may be pertinent to note that the ESG norms established so far are expected to work to achieve a particular result i.e., sustainable business.

(ii) In-depth research, through secondary sources such as books and reference materials, would be required to look into the ESG strategies, disclosure practices, etc.

(iii) One focussed-group discussion with the respondents/representatives of at least 05 listed companies will be conducted, to understand the problems at length and to prepare necessary data collection tools including a Questionnaire/Interview Schedule.

(iv) One National Conference/Seminar for debating the issues and concerns.

(v) **Quantitative Work**: Collection of data from listed companies on their ESG compliance.

(b) Research Universe & Sampling

For comprehensive data on ESG compliance, it is proposed to collect data from 100 companies listed at the National Stock Exchange (NSE) / Bombay Stock Exchange (BSE).

Interview/Responses from the Company representative deputed for preparation of ESG Compliance / Officers of Stock Exchange / SEBI and academicians and other stakeholder.

5. Budget

Sl. No.	Details of Expenditure Head	Per Unit Cost (in INR)	Quantity (Units, Persons, Rooms, Days, etc.)	Total Cost
Project Establishment & Revenue Expenses				
1	Office Equipment (Including computer, furniture, stationery, etc.) (One Time Expenditure)	1,00,000	1	100,000
2	Books & Other Reference Materials for Qualitative Component of Project (One Time Expenditure)	30000	1	30,000
3	Salary of Field Investigators for Collection of Data from the Field (One Field Investigators for 6 Months)	50000	1	300,000
Project Activities Cost				
4	Focused Group Discussions	50000	1	50,000
5	One-Day National Conference (Resource Persons from across India from Academia, Judiciary, Bar and Bench, etc.)	300000	1	200,000
6	Field Visit by the Principal with the Research Team	50000	1	50,000
Honorarium to Resource Persons				
7	Miscellaneous	10000	-	10000
	Total Cost Including Overhead Expenses			740,000/-

Prof. Dr. Gitjesh Shukla (Principal Investigator)
Professor of Law & Director, HPNLU Centre for Law, Business and Economics.

H.P. National Law University
Diary No. 1392
Date 30/03/2026
Vice Chancellor Office

March 30, 2026

The Hon'ble Vice-Chancellor
Himachal Pradesh National Law University
Shimla, Himachal Pradesh

Subject: Request for Grant of Second Extension for Completion of Research Project for FY 2026-27

Respected Ma'am,

I most respectfully submit that vide Notification No. 23-1/21-HPNLU/Estt. dated 07.12.2023, a minor research project titled **"Compliance of the Environmental, Social and Governance (ESG) Norms by the Listed Companies in India: An Assessment"** was sanctioned to the HPNLU Centre for Business Law and Economics, under my Directorship. The project was originally required to be completed within one year from the date of notification.

It is respectfully submitted that the project involves extensive data collection from listed companies, analysis of ESG disclosures, development of assessment framework, and preparation of a comprehensive research report. While substantial progress has been made, including development of research framework; Identification and selection of listed companies; Preparation of data collection tools etc., however, due to the time-intensive nature of ESG data compilation, limited availability of uniform disclosures, and administrative and logistical constraints, the project could not be completed within the extended timeline granted earlier.

Considering the academic importance and empirical nature of the project, additional time is required to complete detailed empirical analysis and finalisation of research report.

In view of the above, I most humbly request that **Second Extension for completion of the project may kindly be granted for the Financial Year 2026-27 only (till December 2026)**, to enable completion of the project in a comprehensive and academically rigorous manner.

I assure that the project shall be completed within the extended period, and the final report shall be submitted within the stipulated timeframe.

I shall be grateful for your kind consideration and approval of the above request.

Yours sincerely,

30.03.2026

Prof. (Dr.) Girjesh Shukla
Director
Centre for Business Law and Economics
Himachal Pradesh National Law University, Shimla

x No further extension after Dec. 2026.

30/3/2026

H.P. National Law University
Diary No. 10625
Date 16/12/24
Vice Chancellor Office

Hon'ble Vice Chancellor,
HPNLU, Shimla

16-12-2024

Sub: Request for Extension of Time to Complete Research Project

Respected Ma'am

I most humbly submit that vide Notification No. 23-1/21-HPNLU/Estt. 6723 dated 07-12-2023 project grant was sanctioned to the Centre for Law, Business and Economics to conduct a minor project titled "*Compliance of the Environmental, Social and Governance (ESG) Norms by the Listed Companies in India: An Assessment*". The project was required to be completed within one year from the date of notification i.e. 07-12-2023.

While I have made significant progress in terms of developing a theoretical framework, selecting a list of companies to be screened for collection of data, and formalising the questionnaire etc. However, due to some unavoidable reasons, including logistical constraints and administrative complexities in the release of the grant, there have been some delays beyond my initial estimation. I have been diligently working to address these challenges; however, to maintain the quality and integrity of the project, I require additional time to finalise the remaining tasks, including data collection, analysis, and report writing.

I kindly request an extension of six months to complete the research project. I believe this additional time will ensure thorough and quality work that meets academic standards.

Thank you for considering my request. I greatly appreciate your understanding and support in this matter.

Yours sincerely,

16.12.24

Prof. (Dr.) Girjesh Shukla
Director, Centre for Business and Economic
HPNLU, Shimla

Approved
17/12/24

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Website: http://hpnlu.ac.in

No. 23-1/21-HPNLU/Estt.-6723 **Dated: 07.12.2023**

NOTIFICATION

The Hon'ble Vice-Chancellor is pleased to sanction and release the following fund to the research Centre of the University in their separate bank account:

Sr. No.	Name of the Centre	Title of the Project	Amount	Time Duration	Name of Director
1	Centre for Law Business and Economics	Compliance of the Environmental, Social and Governance (ESG) Norms by the Listed Companies in India: An Assessment	Rs.2 Lakh	One Year	Prof. (Dr.) Girjesh Shukla

The above funds shall only be released in four installments into the bank account of the respective Centres in the name of Director of the Centre on submission of the following relating to above project:

1. Submission of a detailed concept note containing broad idea of the subject, justifications, research method, objectives, expected outcome etc.
2. Time line and deliverable.
3. Detailed head wise budget sanctioned within the sanction amount.
4. No conferences/seminar shall be organized by the Centre under the project as the project is meant for co-research.

Registrar
HPNLU, Shimla
Dated: 07.12.2023

Endst. No. even
Copy to: -

1. P.A. to Hon'ble Vice Chancellor, HPNLU, Shimla.
2. P.A. to Registrar, HPNLU, Shimla.
3. Finance Officer, HPNLU, Shimla.
4. Director of project concerned for information.
5. Guard File.

Registrar
HPNLU, Shimla

AnyScanner