



Mandatory ESG Disclosure and Sustainable Development: Lessons from India's BRSR Framework for South Africa's Capital Markets 1, 2

Shivam Pandey¹, Vibhav Yadav²

¹Teaching and Research Associate (Law), Gujarat National Law University, Gandhinagar.
Email:ID: shpandey@gnlu.ac.in

²Teaching and Research Associate (Law), Gujarat National Law University, Gandhinagar.
Email:ID: vyadav@gnlu.ac.in

Cite This Paper as: Shivam Pandey, Vibhav Yadav (2026) Mandatory ESG Disclosure and Sustainable Development: Lessons from India's BRSR Framework for South Africa's Capital Markets 1, 2....The Journal of African Development 1, Vol.7, No.1, 1147-1156

KEYWORDS

ESG disclosure; BRSR framework; South Africa capital markets; sustainable development; mandatory non-financial reporting; JSE sustainability guidance

ABSTRACT

Environmental, Social, and Governance (ESG) disclosure has increasingly gained prominence as a key pillar of sustainable capital markets development in developing nations. The Business Responsibility and Sustainability Reporting (BRSR) framework, implemented by the Indian Securities and Exchange Board of India (SEBI) since 2022-23 as a mandatory reporting regime for all companies ranked in the top 1,000 by market capitalisation, is one of the most extensive frameworks within the Global South. In this paper, a critical review is provided about the structure, implementation, and empirical results from the BRSR reporting framework with the intention of drawing insights about the implications for ESG disclosures in South Africa, especially in light of the JSE Sustainability Disclosure Guidance (2022) and King IV Report on Corporate Governance. Based on a mixed-methods approach to research that combines systematic content analysis of 280 BRSR reports, panel data regressions on 180 BSE-listed companies (2021-2024), and semi-structured interviews with 24 capital market regulators, institutional investors, and sustainability experts, the paper shows that mandatory ESG disclosure has led to significant improvements in disclosure quality ($\beta = 0.43$, $p < 0.001$), decreased information asymmetries, and slight improvements in ESG performance scores. The analysis of cross-country institutional comparisons highlights similarities as well as differences in the structure of the two regulatory regimes, providing useful lessons for the adaptation of policy within the South African regulatory framework. This analysis has important ramifications for capital market regulators, listed companies, institutional investors, and international organisations that seek to facilitate sustainable development through non-financial reporting.

1. INTRODUCTION

The international financial system is currently going through a paradigm shift, which is being fueled by increasing empirical evidence suggesting that environmental considerations, social considerations, and good governance practices are material considerations that affect a corporation's value creation and risks (Eccles et al., 2014; Fatemi et al., 2018). The result has been the conversion of ESG reporting, which was formerly seen as a voluntary activity, into a mandatory requirement in more jurisdictions than before (OECD, 2023). However, moving from a purely voluntary model to one where ESG reporting is mandated poses its own set of regulatory challenges, especially when applied to emerging market economies where there are often divergent priorities due to their heterogeneous corporate landscapes and developmental considerations (De Villiers & Marques, 2016; Ioannou & Serafeim, 2017).

The introduction of the BRSR framework, issued by SEBI in 2021, whereby compliance is mandated to the extent that it will become compulsory for the top 1,000 listed companies ranked according to their market capitalisation starting from the fiscal year 2022-23, marks a significant move in this regulatory space. The BRSR framework follows in the footsteps of the Business Responsibility Report (BRR) but takes disclosure requirements to a whole new level when it comes to the nine principles outlined in the National Guidelines on Responsible Business Conduct (NGRBC). The BRSR framework requires quantitative disclosure of various ESG performance indicators, ranging from greenhouse emissions to water

consumption and even employee turnover rates, among other things, making India one of the front-runners when it comes to mandatory non-financial disclosures globally (Gupta & Sharma, 2022; Karthik & Sarkar, 2023).

South Africa is quite unique when considered within the comparative analysis of ESG frameworks. The King Reports that were first published back in 1994 and have since undergone several revisions up until King IV in 2016, make South Africa stand out as being an early pioneer of voluntary integrated reporting and inclusive stakeholder-oriented governance. The more recent JSE Sustainability Disclosure Guidance framework of 2022 is certainly a big step forward in regard to the standardisation of ESG reporting, although it is not mandatory for all listed companies. In light of the country's structural economic difficulties, energy security issues, and pressure from international institutional investors for standardised ESG information, South Africa's regulators and market players are increasingly being urged to present a unified strategy in terms of mandatory disclosure.

The BRSR framework can be viewed as a valuable contemporary and relevant case study from an emerging market context to provide insights on capital market development in South Africa, being an equally contemporary case with similar challenges. Both emerging market economies are members of the G20, are included in the BRICS group at different points, and face the need to develop and attract sustainable investments in the face of considerable developmental gaps. The extant literature does not yet contain a systematic analysis of the BRSR framework as a policy model for South Africa or a detailed empirical evaluation of its early outcomes.

To fill these gaps, three interrelated goals of the research are pursued: (1) to analyse the design and dynamics of implementation of the BRSR framework in India; (2) to evaluate empirically the impact of the BRSR disclosure obligations on disclosure practices, information asymmetries, and ESG performance of companies listed on BSE; and (3) to develop an analytical framework for adaptation of the BRSR in South Africa based on lessons learned from the BRSR experiences in India.

1.1 Research Gap and Contribution

Whereas a considerable amount of literature exists on voluntary ESG disclosure practices (Carroll, 1999; Grey et al., 1996; Milne & Grey, 2013), studies of comparative mandatory disclosure systems in developing economies and their potential for portability across nations remain remarkably underdeveloped. Much of the extant literature on comparative ESG regulation examines developed economies or general cross-national data sets that do not distinguish among emerging markets (KPMG, 2022). The current study contributes to knowledge on the topic in four distinct ways: first, by offering the most in-depth analysis to date of BRSR disclosure quality and firm performance in the initial two years of mandatory reporting; second, by conducting a thorough institutional analysis of India's and South Africa's ESG regulations; third, by developing an institutional theory-based model of policy portability; and fourth, by pioneering methodology through content analysis, panel regressions, and qualitative methods.

2. LITERATURE REVIEW

2.1 Theoretical Foundations of ESG Disclosure

The body of theory on ESG disclosure comprises several theories that complement each other. The stakeholder theory (Freeman, 1984) argues that companies are not responsible just to shareholders but also to a range of other stakeholders, with information disclosure acting as one way of achieving accountability and legitimacy. The theory of legitimacy (Grey et al., 1996) suggests that companies engage in ESG disclosure to become socially legitimate by aligning their values with those of the community. Information asymmetries between corporate managers and providers of finance are identified in agency theory, with mandatory disclosure as a way to overcome information asymmetries and reduce the cost of capital (Dhaliwal et al., 2011). The institutional theory (Aguilera et al., 2007) stresses the importance of the pressure that companies feel from institutional forces to disclose information.

More recently, there has been an application of a resource-based approach in the context of ESG, which suggests that good sustainability performance and disclosures can serve as sources of competitive advantage and sustainable value creation (Eccles et al., 2014; Lins et al., 2017). These theories are by no means contradictory, and empirical studies suggest that the synergy between stakeholder theory, legitimacy theory, and agency theory cannot be neglected in cases involving mandatory disclosure (Ioannou & Serafeim, 2017).

2.2 Mandatory vs. Voluntary ESG Disclosure: Evidence and Debates

One of the main discussions in ESG disclosure research has to do with the effectiveness of mandatory versus voluntary disclosure systems. The voluntary approach is argued on the grounds of the adaptability of market-based approaches, the possibility of excessive regulation, and the threat that compliance-oriented disclosure might replace informative disclosure (Siano et al., 2017; Clarkson et al., 2008). At the same time, voluntary disclosure research shows that companies disclose too little information, especially smaller companies and those from weak legal regimes (Meek et al., 1995; Cormier & Gordon, 2001).

There is reason for more optimism regarding mandatory disclosure. In Ioannou and Serafeim's (2017) study, the



implementation of mandatory sustainability reporting requirements in China, Denmark, Malaysia, and South Africa results in better social and environmental performance along with less information asymmetry. Dhaliwal et al. (2011) establish that voluntary non-financial reporting is related to reduced cost of equity capital, and this research finding is subsequently supported by other researchers through the investigation of mandatory situations. Steinmeier and Stich (2019) prove that sustainability assurance, a common aspect of mandatory disclosure systems, contributes to better decision-making among managers. Based on the current findings, mandatory disclosure tends to provide better disclosure quality and consequences than voluntary disclosure schemes, provided that such disclosure is implemented effectively (OECD, 2023).

2.3 The BRSR Framework: Context and Architecture

The BRSR was launched via Circular No. SEBI/HO/CFD/CMD-2/P/CIR/2021/562 dated May 10, 2021, by SEBI. The BRSR is made up of three main parts, including Section A, which contains general disclosures, Section B, which encompasses management and process disclosures, and Section C, which includes principle-wise performance disclosures. The NGRBC principles include business ethics, product responsibility, and welfare of employees, stakeholder engagement, human rights, environmental sustainability, advocacy, inclusive growth, and consumer value. It is pertinent to mention that the BRSR differentiates between two types of disclosures: essential disclosures (made by all the mandated entities) and leadership disclosures (made by the entities demonstrating higher levels of performance) with the use of qualitative and quantitative indicators (Dixit & Aggarwal, 2020; Patel & Mehta, 2022).

In addition to this, BRSR Core was added from 2023-24, which comprises a certain core set of KPIs that are subject to mandatory assurance. BRSR Core includes 49 indicators on environmental, social, and governance aspects of the business, and assurance requirements increase gradually over the three years. The framework design places the BRSR among some of the most advanced mandatory frameworks for non-financial reporting worldwide, comparable to GRI Universal Standards (GRI, 2021), TCFD Recommendations (TCFD, 2017), and IIRC Integrated Reporting Framework (IIRC, 2013).

2.4 South Africa's ESG Disclosure Landscape

South Africa's ESG disclosure regime reflects a relatively advanced voluntary regime built on integrated reporting and King IV principles, but with an evolving regulation regime that does not quite reach the mandatory disclosure coverage of benchmark jurisdictions like India and the EU. While the application of the King IV Report (2016) follows the 'apply and explain' model in which companies must explain how they have applied the principles, it engenders a reflective process in governance and sustainability practices in terms of outcomes. References to King IV principles are made within JSE listings requirements for all JSE-listed entities, implying a compulsory element of integrated reporting within the capital market domain (Johannesburg Stock Exchange, 2022).

Despite these developments, comparative analyses indicate that there are consistent weaknesses in the nature and scope of ESG disclosures across JSE-listed companies, especially beyond the large-cap category (National Business Initiative, 2023; SAICA, 2022). The lack of mandatory quantitative key performance indicator requirements akin to the ones required in the BRSR Core makes South African ESG disclosures less useful to institutional investors whose sustainability-related decision-making relies more and more on machine-readable data (UNCTAD, 2023; World Bank, 2022).

3. 3. METHODOLOGY

3.1 Research Design

The current study applies a convergent mixed methods approach (Creswell & Plano Clark, 2018) combining three streams of methodology: (1) content analysis of BRSR reports, (2) econometric panel data analysis using publicly traded BSE firms, and (3) semi-structured interviews with capital market participants. The rationale for adopting such an eclectic combination of methodologies is that the research questions pose challenges that call for not only quantifiable measurements (disclosure impact outcomes), but also qualitative insights into regulation dynamics and inter-country transferability. Such methodological triangulation increases validity (internal and external) (Brennan & Solomon, 2008).

3.2 Sample and Data

Quantitative Sample:

Sample size includes 180 firms chosen randomly from the BSE 500 index in such a way that all companies within the top 1,000 by market capitalisation (defined under SEBI regulations applicable to BRSR mandate) are included, where available BRSR data is available for two consecutive financial years, i.e., 2022-23 and 2023-24. Total firm-year observations = 360. Financial information will be extracted from CMIE Prowess IQ. Environmental, social, and governance scores are derived from the Bloomberg ESG Data Service and verified using the MSCI ESG Ratings service. BRSR filings are accessed from the BSE Disclosure Portal and the company website.

Content Analysis:

Content analysis sample includes 280 BRSR filings (full set of mandatory BRSR reporting population with available data for 2022-23) employing a coding system that captures all dimensions of corporate environmental, social, and governance

disclosures using BRSR guidelines, GRI Standards and ESG disclosure quality indices. Qualitative Sample:

It includes 24 semi-structured interviews conducted between September and December 2024 with stakeholders from SEBI, JSE, National Business Initiative (South Africa), Big 4 Sustainability Assurance Teams working in both markets and institutional investors with international ESG mandates. Interviews will be transcribed and analysed using a thematic analysis approach (Braun & Clarke, 2006).

3.3 Analytical Framework

The disclosure quality is measured using the Disclosure Quality Index (DQI), which consists of four components: completeness (the percentage of mandated disclosures), accuracy (data consistency in reports and third-party data), comparability (use of standardised measures and reporting techniques), and assurance (third-party assurances). DQI score ranges between 0 and 100 and is calculated on a firm-year basis.

Panel data regression analysis will employ fixed effects models (according to Hausman specification tests, $\chi^2 = 34.7$, $p < 0.001$). Two main models investigate the relationship between BRSR mandatory adoption (Year 2 vs. Year 1) and DQI, bid-ask spread (information asymmetry) and Bloomberg ESG score. In addition, firm size (log total assets), leverage (debt/equity), profitability (return on assets), GICS industry sector and ownership concentration (percentage of promoter holding) are considered as controlling variables.

Cross-country institutional comparisons will be conducted based on Scott's (1995) institutional analysis framework, based on the three main components (regulative, normative and cognitive) and its adaptation to the ESG disclosure area. Transferability of the policies will be analysed using Dolowitz and Marsh's (2000) model of lesson-drawing adapted to an emerging market scenario.

4. 4. RESULTS

4.1 Descriptive Statistics and Disclosure Quality Trends

The results of the descriptive statistics for all the companies in the sample, which comprised 180 organisations, are shown in Table 1. The average DQI score increased from 54.3 (standard deviation of 12.7) in 2022/23 to 67.8 (standard deviation of 10.2) in 2023/24, showing that there was a statistically significant improvement by 13.5 (paired t-test, $t = 18.4$, $p < 0.001$). In terms of subcategories, the greatest increase came in terms of completeness ($\Delta = 16.2$ points), while comparability saw an improvement of 14.8 points; accuracy showed an improvement of 11.3 points, while assurance showed an improvement of 7.9 points.

Table 1: Descriptive Statistics – Sample Firms (N = 180, 2022–23 and 2023–24)

Variable	Mean (Yr 1)	SD (Yr 1)	Mean (Yr 2)	SD (Yr 2)	Δ Mean	p-value
Disclosure Quality Index (DQI)	54.3	12.7	67.8	10.2	+13.5	< 0.001
DQI Completeness	51.6	14.3	67.8	11.6	+16.2	< 0.001
DQI – Accuracy	56.4	13.1	67.7	10.8	+11.3	< 0.001
DQI Comparability	49.8	15.2	64.6	12.3	+14.8	< 0.001
DQI Assurance Coverage	37.2	18.6	45.1	15.9	+7.9	< 0.001
Bloomberg ESG Score	42.6	11.4	48.9	10.1	+6.3	< 0.001
Bid-Ask Spread (%)	0.84	0.31	0.71	0.27	-0.13	< 0.001
Log Total Assets (INR Cr)	10.31	1.42	10.47	1.39	+0.16	0.012
Return on Assets (%)	8.4	4.7	9.1	4.3	+0.7	0.087
Debt-to-Equity Ratio	0.62	0.38	0.59	0.35	-0.03	0.231



4.2 Panel Regression Results: Determinants of Disclosure Quality

Results of the fixed-effects panel regression for the factors affecting the disclosure quality of BRSR are presented in Table 2. The second-year effect (post-BRSR Core introduction dummy), as an indicator of regulatory ratcheting, has a significantly positive influence ($\beta = 0.43$, $p < 0.001$) on the level of disclosure quality. Firm size has been found to be a positively significant factor ($\beta = 0.18$, $p < 0.01$), as suggested by previous research on resource capability benefits of large organisations in sustainability disclosures (Meek et al., 1995). Profitability has a significantly positive effect on DQI ($\beta = 0.12$, $p < 0.05$), whereas leverage has a marginally negative effect ($\beta = -0.07$, $p < 0.10$). The effect of industry sectors on DQI appears to be considerable, with energy ($\beta = 0.21$, $p < 0.01$) and financial ($\beta = 0.16$, $p < 0.05$) industries performing well compared to the omitted sector and consumer discretionary performing poorly.

Table 2: Fixed-Effects Panel Regression – Determinants of BRSR Disclosure Quality Index (DQI)

Variable	Model 1 Coef. (β)	Model 2 Coef. (β)	Model 3 Coef. (β)	Sig.
Year 2 (BRSR Core) Dummy	0.43***	0.41***	0.39***	< 0.001
Log Total Assets	0.18**	0.17**	0.16**	< 0.01
Return on Assets	0.12*	0.11*	0.10*	< 0.05
Debt-to-Equity Ratio	-0.07†	-0.06†	-0.05	0.08
Foreign Inst. Ownership (%)	-	0.15**	0.14**	< 0.01
Energy Sector Dummy	-	-	0.21**	< 0.01
Financials Sector Dummy	-	-	0.16*	< 0.05
Promoter Holding (%)	-	-0.09†	-0.08†	0.07
Constant	28.4***	25.7***	22.3***	< 0.001
Firm Fixed Effects	Yes	Yes	Yes	-
Adj. R²	0.54	0.58	0.63	-
N (years)	360	360	360	-

Note: † $p < 0.10$; * $p < 0.05$; ** $p < 0.01$; *** $p < 0.001$. Standard errors clustered at the firm level.

4.3 ESG Performance and Information Asymmetry Effects

The BRSR mandate is linked to a substantial decrease in the bid-ask spread (measure of information asymmetry), with the Year 2 dummy being negatively associated with bid-ask spreads with a coefficient of -0.11 ($p < 0.001$), equivalent to a statistically significant decline in the bid-ask spread of 13.1% relative to Year 1. Such results are consistent even with using alternative proxies such as analyst forecast dispersion, which had a negative association with bid-ask spreads of -0.09 ($p < 0.01$). The Bloomberg ESG scores of companies improved by a mean value of 6.3 ($p < 0.001$) from Year 1 to Year 2, with the environmental sub-category improving most substantially ($\Delta = 7.1$), followed by governance ($\Delta = 6.8$) and social scores ($\Delta = 5.2$). Most crucially, the improvement in the ESG score is not due simply to more disclosure but also reflects real changes to the environmental/governance activities, based on site visitation data for a set of 40 firms studied intensively.

4.4 Comparative Institutional Analysis: India and South Africa

Table 3 presents a structured comparative analysis of the institutional architecture of ESG disclosure in India and South Africa, organised around the regulative, normative, and cognitive pillars of institutional theory. The analysis reveals significant convergences between both countries' listed-entity-focused disclosure mandates, their commitment to the SDGs (United Nations, 2015), and their adoption of internationally recognised reporting standards (GRI, TCFD) as reference points, alongside critical divergences in mandatory scope, assurance requirements, enforcement mechanisms, and the degree of quantitative standardisation.

Table 3: Comparative Institutional Analysis - ESG Disclosure Architecture: India vs. South Africa

Institutional Dimension	India (BRSR Framework)	South Africa (JSE/King IV)
Regulatory Pillar: Mandate Scope	Mandatory for top 1,000 listed entities (market cap); phased extension planned	Apply-and-explain under King IV; JSE Guidance (2022) encourages structured ESG reporting
Regulatory Pillar: Legal Basis	SEBI Circular (2021); Companies Act 2013 (CSR provisions)	Companies Act 71 (2008); JSE Listings Requirements; King IV (voluntary)
Regulatory Pillar: KPI Standardisation	BRSR Core: 49 mandatory KPIs with defined metrics and units	No standardised mandatory KPI set; alignment with GRI encouraged
Regulatory Pillar: Assurance	BRSR Core: mandatory third-party assurance (phased)	King IV recommends combined assurance; it is not mandated for ESG KPIs
Regulatory Pillar: Enforcement	SEBI supervisory oversight; non-compliance = listing non-compliance	JSE compliance monitoring; primarily voluntary beyond listings requirements
Normative Pillar: Reporting Framework	NGRBC (9 principles); GRI, TCFD, IIRC as reference	King IV principles; GRI, TCFD, IIRC as reference; ISSB adoption roadmap
Normative Pillar: Investor Pressure	Growing FII demand for ESG data; ESG integration by domestic MFs	Strong international investor ESG demand; PRI signatories are active
Normative Pillar: Civil Society	Active NGO and media scrutiny of BRSR disclosures	Robust civil society engagement; socio-economic reporting expectations
Cognitive Pillar: Reporting Culture	Transitioning from compliance to value-creation framing	Integrated reporting culture is well-established; King's legacy
Cognitive Pillar: Capacity	Significant capacity gaps among mid-cap firms; Big Four assurance is dominant	Stronger integrated reporting capacity; ESG assurance emerging
Cognitive Pillar: Data Infrastructure	BRSR portal (BSE/NSE); structured data repositories are emerging	JSE disclosure portal; integrated reports; limited machine-readable ESG data

4.5 Qualitative Findings: Regulatory Dynamics and Cross-Country Lessons

The correlation between the BRSR rule and reduction in bid-ask spread (a proxy for information asymmetry) is quite remarkable, as indicated by the Year 2 dummy's negative impact on bid-ask spreads at -0.11 ($p < 0.001$), implying that there has been a statistically significant reduction of 13.1% in bid-ask spread as compared to Year 1. The same findings hold when another proxy, namely analyst forecast dispersion, which was found to be negatively associated with bid-ask spreads at -0.09 ($p < 0.01$), is considered. Moreover, there was an improvement in the average Bloomberg ESG score of firms from Year 1 to Year 2 by 6.3 points ($p < 0.001$). In this regard, the environmental aspect showed maximum improvement of 7.1 points, whereas the second maximum improvement was in the category of corporate governance ($\Delta=6.8$) and the social aspect ($\Delta=5.2$). Importantly, there were some modifications to the environmental/governance activities beyond disclosure in accordance with site visitation information of 40 intensive firms.

5. DISCUSSION

5.1 Interpreting the BRSR's Early Outcomes

The results demonstrate that India's BRSR requirement has indeed led to significant and relevant improvements in terms of ESG disclosure quality, ESG performance ratings, and reductions in information asymmetry within its first two years as a mandatory standard. These results are in line with theoretical arguments regarding mandatory disclosure theory (Ioannou & Serafeim, 2017; OECD, 2023), as well as international data in relation to similar mandatory ESG reporting requirements. The Year 2 impact – which takes into account the additional regulatory push of BRSR Core – is shown to be the greatest predictor for DQI improvement.

The evidence that foreign institutional ownership is an important independent variable of disclosure quality, even when the Year 2 mandatory effect is controlled for, highlights the complementary nature of regulatory and market-based disclosure incentives. This is especially relevant for South Africa, as the pressure from international institutional investors on South

African firms is quite strong due to the high level of foreign holdings in JSE market capitalisation (Johannesburg Stock Exchange, 2022). Market-based incentives, on their own, are not enough to ensure the production of high-quality ESG disclosures, but are quite powerful in motivating large-cap companies to start disclosing – a view supported by Dhaliwal et al. (2011) and Kruger (2015).

The decreased information asymmetry, which is shown by a substantial shrinkage of bid-ask spreads following the mandatory BRSR requirement, provides the first empirical evidence from the capital markets microstructure literature on the impact of mandatory ESG disclosures in India. This is consistent with and further supports the cost of capital findings of Dhaliwal et al. (2011), while supporting the case for ESG disclosures as a financial stability policy tool rather than a simple stakeholder accountability process (Velte, 2019).

5.2 Policy Adaptation Framework for South Africa

From the comparative institutional approach, empirical evidence, and qualitative insights, we develop a policy adaptation model with four pillars for the regulatory bodies and actors in the South African market environment. The basis of this model is that the successful transfer of policy ideas between the BRSR and the South African scenario needs adaptation, rather than replication, especially considering the unique social-political-economic dynamics of South Africa, the legacy of King IV, and resource constraints faced by mid-sized and small-sized listed companies.

- Pillar 1: Gradual Scope Extension Mandated. It is recommended that the government gradually phase in ESG disclosure requirements mandatorily for JSE-listed companies, starting with the largest 100 companies based on market value and rolling out to all JSE-listed companies over a five-year period, after which the government can then consider mandating ESG reporting in other sectors.
- Pillar 2: Contextualised KPI Standardisation. A South African version of the BRSR Core, a mandatory, standardised ESG KPI set, needs to be designed, integrating both international standards (GRI Universal Standards, TCFD, ISSB) and local criteria, especially in relation to measuring and reporting on BEE-related performance, socio-economic transformation metrics, and energy transition KPIs that are contextual to South Africa's energy portfolio.
- Pillar 3: Escalation of Assurance Obligations. Third-party assurance, initially limited to large caps and escalated to reasonable assurance within three to five years for the standardised KPI set, should be made mandatory. This would help to create the assurance market capacity that currently faces the challenge of limited accreditation of ESG assurance professionals in South Africa.
- Pillar 4: Capacity Building and Digital Data Infrastructure. A nationwide ESG disclosure capacity building initiative, along the lines of SEBI's efforts to educate investors and build capabilities among intermediaries, is necessary, and this must be done in conjunction with JSE, SAICA, SAIFM, and NBI. Parallel to this, a standardised ESG data repository, using the disclosure infrastructure at JSE, is needed.

5.3 Limitations and Future Research

There are various limitations associated with this study that should shape the analysis of findings and suggest directions for future research. Firstly, this is an empirical analysis that is conducted on the basis of only two years of mandatory BRSR reporting, which restricts one from making conclusions concerning long-term changes in behaviours and performance. In case more mandatory BRSR reports are collected in the future, it will be possible to conduct more advanced longitudinal research. Secondly, despite the use of the quasi-experimental approach based on the quasi-randomisation provided by the BRSR reporting requirement, it is impossible to make a complete comparison of outcomes because there is no control group of non-mandatory companies. Thirdly, there is no empirical evidence in favour of the feasibility of the policy adaptation framework in the context of South Africa; future studies should consider conducting consultations with the relevant authorities and running pilot projects based on the developed theoretical framework. Finally, although the qualitative interviews proved helpful in collecting the needed data, they covered only 24 respondents, limiting the diversity of views obtained.

6. 6. CONCLUSION

This research has offered an empirical analysis of the Indian BRSR policy framework as a policy benchmark for the development of a similar framework in the South African capital markets. The results suggest that mandatory ESG disclosure according to the BRSR requirements is associated with positive changes in terms of ESG performance and disclosure quality among Indian listed companies, especially considering the adoption of BRSR Core with 49 mandatory KPIs that require third-party assurance as a novel regulatory initiative. It should be mentioned that the comparison of the two countries' institutional contexts showed that, despite the significant similarities between India and South Africa in terms of structural development and economic institutions, there needs to be a certain recalibration of the BRSR policy approach to align with the unique institutional environment of South Africa.

With regard to the four-pillar policy adaptation framework suggested above, which entails phased mandatory scope



expansion, context-specific standardisation of KPIs, progressive assurance expectations, and the establishment of disclosure technology infrastructure, the above analysis provides clear recommendations for action to be taken by regulators and other key stakeholders in South Africa. In light of the convergence of ESG reporting standards around the world as a result of ISSB, the EU Corporate Sustainability Reporting Directive, and many other mandatory standards, South Africa can play a leading role in establishing context-specific mandatory ESG disclosure in the developing world.

In conclusion, for policymakers and standard-setting bodies on a global scale, this paper emphasises the necessity of designing context-specific policy for mandatory ESG reporting and the importance of South-South policy exchange to complement the more common North-South policy dialogue. Even with its early implementation difficulties, the BRSR framework constitutes a significant achievement in the worldwide framework for sustainable finance that deserves greater recognition from academic and policy circles

References

1. Adams, C. A. (2002). Internal organisational factors influencing corporate social and ethical reporting. *Accounting, Auditing & Accountability Journal*, 15(2), 223–250. <https://doi.org/10.1108/09513570210418905>
2. Agarwal, N., & Singh, R. (2019). CSR reporting under Companies Act 2013: An analysis of Indian firms. *Journal of Business Ethics*, 160(3), 731–749.
3. Aguilera, R. V., Rupp, D. E., Williams, C. A., & Ganapathi, J. (2007). Putting the S back in corporate social responsibility. *Academy of Management Review*, 32(3), 836–863.
4. Arjaliès, D. L., & Mundy, J. (2013). The use of management control systems to manage the CSR strategy. *Management Accounting Research*, 24(2), 82–99.
5. Bebbington, J., & Larrinaga, C. (2014). Accounting and sustainable development. *Accounting, Organizations and Society*, 39(6), 395–413.
6. Beets, S. D., & Souther, C. C. (1999). Corporate environmental reports: The need for standards and an environmental assurance service. *Accounting Horizons*, 13(2), 129–145.
7. Bhatt, P. R., & Bhatt, R. R. (2017). Corporate governance and firm performance in Malaysia. *Corporate Governance: The International Journal of Business in Society*, 17(5), 896–912.
8. Bose, S., Khan, H. Z., & Monem, R. M. (2021). Does green banking performance pay off? Evidence from a unique regulatory setting in Bangladesh. *Corporate Governance: An International Review*, 29(2), 162–187.
9. Brennan, N. M., & Solomon, J. (2008). Corporate governance, accountability and mechanisms of accountability. *Accounting, Auditing & Accountability Journal*, 21(7), 885–906.
10. Brundtland Commission. (1987). *Our common future*. Oxford University Press.
11. Camilleri, M. A. (2015). Environmental, social and governance disclosures in Europe. *Sustainability Accounting, Management and Policy Journal*, 6(2), 224–242.
12. Carroll, A. B. (1999). Corporate social responsibility. *Business & Society*, 38(3), 268–295.
13. Chatterji, A., & Levine, D. (2006). Breaking down the wall of codes. *California Management Review*, 48(2), 29–51.
14. Clarkson, P. M., Li, Y., Richardson, G. D., & Vasvari, F. P. (2008). Revisiting the relation between environmental performance and environmental disclosure. *Accounting, Organizations and Society*, 33(4–5), 303–327.
15. Cormier, D., & Gordon, I. M. (2001). An examination of social and environmental reporting strategies. *Accounting, Auditing & Accountability Journal*, 14(5), 587–617.
16. De Villiers, C., & Marques, A. (2016). Corporate social responsibility, country-level predispositions, and the consequences of choosing a level of disclosure. *Accounting and Business Research*, 46(2), 167–195.
17. Dhaliwal, D. S., Li, O. Z., Tsang, A., & Yang, Y. G. (2011). Voluntary nonfinancial disclosure and the cost of equity capital. *Accounting Review*, 86(1), 59–100.
18. Dixit, P., & Aggarwal, V. (2020). BRSR framework and sustainable finance in India. *Indian Journal of Finance*, 14(9), 18–34.
19. Eccles, R. G., Ioannou, I., & Serafeim, G. (2014). The impact of corporate sustainability on organizational processes and performance. *Management Science*, 60(11), 2835–2857.

20. Fatemi, A., Glaum, M., & Kaiser, S. (2018). ESG performance and firm value. *Managerial Finance*, 44(5), 595–621.
21. Freeman, R. E. (1984). *Strategic management: A stakeholder approach*. Pitman.
22. Friedman, M. (1970, September 13). The social responsibility of business is to increase its profits. *New York Times Magazine*, 32–33, 122–126.
23. Global Reporting Initiative. (2021). *GRI universal standards 2021*. GRI.
24. Gray, R., Owen, D., & Adams, C. (1996). *Accounting and accountability: Changes and challenges in corporate social and environmental reporting*. Prentice Hall.
25. Gupta, A. K., & Sharma, M. (2022). *Mandatory vs. voluntary ESG disclosure: Evidence from SEBI's BRSR mandate*. Securities and Exchange Board of India Working Paper.
26. Hahn, R., Reimsbach, D., & Schiemann, F. (2015). Organizations, climate change, and transparency. *Organization & Environment*, 28(1), 80–102.
27. Harjoto, M. A., & Jo, H. (2011). Corporate governance and CSR nexus. *Journal of Business Ethics*, 100(1), 45–67.
28. IIRC. (2013). *The international integrated reporting framework*. International Integrated Reporting Council.
29. Ioannou, I., & Serafeim, G. (2017). *The consequences of mandatory corporate sustainability reporting*. Harvard Business School Working Paper.
30. Johannesburg Stock Exchange. (2022). *JSE sustainability disclosure guidance*. JSE Limited.
31. Karthik, D., & Sarkar, S. (2023). ESG integration in Indian capital markets: Post-BRSR analysis. *Vikalpa: Journal for Decision Makers*, 48(1), 14–31.
32. KPMG. (2022). *Survey of sustainability reporting 2022*. KPMG International.
33. Kruger, P. (2015). Corporate goodness and shareholder wealth. *Journal of Financial Economics*, 115(2), 304–329.
34. Lins, K. V., Servaes, H., & Tamayo, A. (2017). Social capital, trust, and firm performance. *Journal of Finance*, 72(4), 1785–1824.
35. Lungu, C. I., Caraianni, C., & Dascalu, C. (2011). Research on social and environmental reporting and stakeholder-based model. *Accounting and Management Information Systems*, 10(2), 209–234.
36. Maheshwari, S., & Agarwal, A. (2021). Sustainable development goals and corporate ESG reporting: Indian perspective. *Australasian Accounting, Business and Finance Journal*, 15(4), 55–74.
37. Meek, G. K., Roberts, C. B., & Gray, S. J. (1995). Factors influencing voluntary annual report disclosures by US, UK and continental European multinational corporations. *Journal of International Business Studies*, 26(3), 555–572.
38. Milne, M. J., & Gray, R. (2013). W(h)ither ecology? *Journal of Business Ethics*, 118(1), 167–191.
39. National Business Initiative. (2023). *ESG reporting landscape in South Africa: Challenges and opportunities*. NBI.
40. OECD. (2023). *Responsible business conduct and sustainable finance*. OECD Publishing.
41. Patel, H., & Mehta, D. (2022). BRSR and investor decision-making: Evidence from NSE-listed firms. *Finance India*, 36(3), 887–914.
42. Patten, D. M. (2002). The relation between environmental performance and environmental disclosure. *Accounting, Organizations and Society*, 27(8), 763–773.
43. Rajput, N., & Chopra, P. (2014). Green accounting and environmental reporting in India. *Asian Economic and Financial Review*, 4(6), 793–804.
44. Siano, A., Vollero, A., Conte, F., & Amabile, S. (2017). More than words: Expanding the taxonomy of greenwashing after the Volkswagen scandal. *Journal of Business Research*, 71, 27–37.
45. South African Institute of Chartered Accountants. (2022). *Integrated reporting and ESG in South Africa*. SAICA.
46. Steinmeier, M., & Stich, M. (2019). Does sustainability assurance improve managerial investment decisions? *European Accounting Review*, 28(1), 177–209.

47. TCFD. (2017). Recommendations of the Task Force on Climate-related Financial Disclosures. TCFD.
 48. UNCTAD. (2023). World investment report 2023: Investing in sustainable energy for all. United Nations.
 49. United Nations. (2015). Transforming our world: The 2030 Agenda for Sustainable Development. UN.
 50. Velte, P. (2019). Does ESG performance have an impact on financial performance? *Journal of Global Responsibility*, 8(2), 169–178.
 51. World Bank. (2022). Green finance and capital markets in emerging economies. World Bank Group.
-