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ESG at the Crossroads

From Compliance to Competitive Advantage



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Executive Summary

On 22 May 2026 - International Biodiversity Day - a closed-door convening of senior leaders from industry, civil society and academia was held for a strategic CXO Roundtable titled “ESG at the Crossroads: From Compliance to Competitive Advantage”. The roundtable, co-hosted by Great Lakes Institute of Management, Gurgaon, and Development Alternatives, with Pierag Consulting as Knowledge Partner, brought together decision-makers across multiple sectors for six sessions of structured, candid, cross-sector exchange.

This white paper distils the key findings, convergences and unresolved tensions from that dialogue, and translates them into a policy agenda for India's ESG transition. It is addressed to policymakers, think tanks, industry bodies and regulators who can be expected to shape the enabling architecture for India's next decade of sustainable growth.

The Three Core Findings



The compliance-to-conviction gap is real and widening. India's ESG ecosystem has matured in form but not yet in substance. BRSR mandates have created disclosure activity; they have not yet reliably created ESG capability.



The Corporate-Civil Society divide is a construct - not an inevitability. The roundtable demonstrated that, given the right forum, shared frameworks are discoverable. The dialogue gap persists not because interests are incompatible but because platforms for honest exchange are rare.



The MSME and unlisted frontier cannot remain an afterthought. India's ESG transition will succeed or fail in the mid-market. Supply-chain disclosure mandates, export market requirements and financing access are already pulling unlisted firms into the ESG frame - without adequate support structures, the risk is exclusion rather than inclusion.

The roundtable also brought forth a vocabulary for the path forward: Niyat - the intent to act with integrity - and Taqneek - the tools and capability to make it real. When intent and capability align, ESG transition becomes executable, rather than merely remaining as aspirational.

The white paper concludes with a set of fifteen targeted policy recommendations across six domains: regulatory architecture, MSME inclusion, corporate-civil society collaboration, data and assurance infrastructure, nature and biodiversity disclosure, and AI governance in ESG.



The 2026 ESG Reset: India at an Inflection Point

ESG has entered what practitioners now recognize as its decisive implementation phase. The global conversation has irrevocably shifted - from voluntary commitments to assured disclosures, from sustainability reporting to strategic planning, from reputational positioning to investment accountability. India has not been immune to this shift; in important respects, it has been a driver of it.

1.1 The Global Risk Context

The World Economic Forum's Global Risks Report has, for five consecutive years, placed environmental and climate-related risks at the apex of both short-term and long-term risk rankings. In 2026, extreme weather events, biodiversity loss and ecosystem collapse, critical changes to Earth systems, and natural resource shortages dominate the long-term risk horizon; while misinformation, extreme weather and armed conflict define the near-term landscape, implying that it is now a board agenda.

The transition is being accelerated by a combination of regulatory mandates, investor expectations, stakeholder scrutiny and increasing recognition of ESG's impact on financial performance and talent strategy. These forces are collectively reshaping ESG from a reporting requirement into a core business imperative.

For Indian corporations, the implication is structural: climate risk has graduated from a sustainability department concern to a core enterprise risk category. Companies that have not yet integrated ESG into their enterprise risk management frameworks are not simply lagging on a reporting metric - they are carrying unpriced risk on their balance sheets.

1.2 The Indian Regulatory Architecture: From BRR to BRSR Core

India's ESG regulatory journey has moved with notable speed. The progression from Business Responsibility Report (BRR) to Business Responsibility and Sustainability Report (BRSR) to BRSR Core represents a shift - from positive KPI disclosure to a framework that mandates articulation of risks, implications and mitigation roadmaps. The introduction of BRSR Core, ESG Ratings and ESG Investing by SEBI has added a market-signaling dimension that transforms ESG compliance from a reporting obligation into a capital-access lever.



Regulatory Requirement- BRSR Core assurance mandatory for top 150 entities Strategic Significance- Data quality accountability begins		Regulatory Requirement- BRSR Core mandatory for top 500; value-chain ESG disclosures voluntary for top 250 Strategic Significance- Supply-chain ESG enters the frame	
FY 2022-23		FY 2023-24	
Regulatory Requirement- BRSR mandatory for top 1,000 listed companies Strategic Significance- Sustainability reporting enters mainstream		Regulatory Requirement- BRSR Core mandatory for top 250 entities Strategic Significance- Assurance perimeter widens	
FY 2024-25		FY 2025-26	
FY 2026-27		Regulatory Requirement- BRSR Core mandatory for top 1,000; value-chain assurance for top 250 Strategic Significance- Full ecosystem accountability	

The BRSR framework report spans three sections - General Disclosures (Section A), Management and Process Disclosures (Section B), and Performance Disclosures (Section C, comprising both Essential and Leadership indicators). It functions not merely as a reporting instrument but as a corporate report card for business expansion, continuity and ESG rating.

1.3 The Strategic Lens: Risk, Value and Legitimacy

The roundtable framed ESG through a three-axis strategic lens that offers a more durable basis for corporate engagement than compliance alone:



The most consequential insight from the roundtable on this lens was that organizations that treat ESG primarily through the Risk axis, as a compliance burden to be managed, are systematically underinvesting in the Value and Legitimacy dimensions where competitive advantage is being built. The shift from CSR-led sustainability initiatives to ESG embedded in core business strategy is no longer optional for companies operating at scale.



ESG as Enterprise Risk: The Inflection Point

2.1 From Adjacency to Architecture

Senior practitioners are increasingly clear about, but policy and public discourse has been slower to reflect – on the point that ESG is no longer a CSR adjacency. It is an enterprise-wide risk and decision framework, and its perimeter now encompasses procurement and supply-chain mechanisms, financial planning and capital allocation, operational continuity and resource efficiency, risk management and regulatory preparedness, workforce strategy and talent retention, and investor confidence and stakeholder trust.

The board-level shift is underway. ESG has migrated from the domain of sustainability experts to the board's risk committee, the CFO's reporting obligations and the CHRO's talent strategy. This migration is not cosmetic. Boards in India are increasingly being held accountable, through BRSR Core assurance requirements and SEBI's expanding disclosure architecture, for the accuracy and credibility of sustainability claims.

2.2 Greenwashing: The Risk That Defines the Era

Greenwashing - the gap between ESG commitments made and ESG performance delivered -emerged as the most discussed risk in the roundtable. Its drivers are structural: fear of scrutiny leading to over-communication, litigation concerns discouraging precision, evolving disclosure standards creating moving targets, and stakeholder scepticism breeding a credibility deficit. Its implications are equally structural: reduced stakeholder trust, missed market opportunities, and weak internal ESG ecosystems that cannot withstand third-party assurance.

Key Risk -

As reasonable assurance requirements under BRSR Core expand from the top 150 to the top 1,000 listed entities by FY 2026-27, boards and CFOs carry increasing legal exposure for inaccurate sustainability disclosures. Anti-greenwashing enforcement is no longer a theoretical concern - it is an active governance risk.

The areas of increasing anti-greenwashing scrutiny identified in the roundtable include net-zero and carbon neutrality claims; supply-chain transparency assertions; ESG-linked marketing; and emerging nature-positive claims. Each of these domains currently lacks the data infrastructure and assurance methodology to support the claims being made at scale.

2.3 The Emerging ESG Risk Categories

The roundtable identified six risk categories now requiring integration into enterprise risk management frameworks:

Regulatory and compliance risk: the expanding perimeter of mandatory disclosure and assurance.

Supply-chain disruption risk: Scope 3 exposure concentrated in fragmented supplier ecosystems.

Social license and community risk: the growing influence of community consent on project continuity.

Climate risk: physical risks (extreme weather, water stress) and transition risks (stranded assets, carbon pricing).

Reputational and greenwashing exposure: litigation risk from unsubstantiated sustainability claims.

Litigation and assurance risk: the legal consequences of disclosure failures as reasonable assurance requirements expand.



The board-level shift noted across these categories was that ESG risks are increasingly integrated into enterprise risk management frameworks - not managed in parallel to them.

2.4 ESG as Enterprise Risk Management, not a CSR Adjacency

ESG is no longer a standalone sustainability function, but an enterprise-wide risk and decision-making framework embedded across core business operations. It now influences procurement and supply chains, financial planning, operational efficiency, risk management, workforce strategy, and investor confidence.

This reflects a fundamental shift from CSR-led sustainability initiatives to ESG embedded within core business strategy, aligning sustainability with long-term value creation, resilience, and competitive advantage.



2.5 The Market Opportunity Dimension

The risk narrative, however, is incomplete without the opportunity dimension. ESG ratings are increasingly shaping investor appetite. Financial institutions are pricing climate and other risks more actively into lending and investment decisions. Organizations with credible, execution-oriented ESG strategies are gaining a measurable advantage in access to capital, talent acquisition and supply-chain positioning. The market is beginning to reward Niyat - genuine intent embedded in action - over performance.

The key drivers of ESG adoption till now have been the influence of regulatory mandates, investor expectations, market opportunities, leadership conviction and supply-chain pressures.

Regulatory mandates is perceived as the predominant driver, with leadership conviction registering as a strong secondary force. This distribution is instructive. It indicates that while regulation continues to establish the baseline for action, the depth and ambition of ESG integration is increasingly determined by conviction at the board and executive level. The implication is that compliance alone is no longer the differentiating factor; organizations where leadership treats ESG as a strategic priority are positioned to move beyond the regulatory floor.





Decarbonization: Bridging the Credibility Gap

3.1 The Net-Zero Credibility Problem

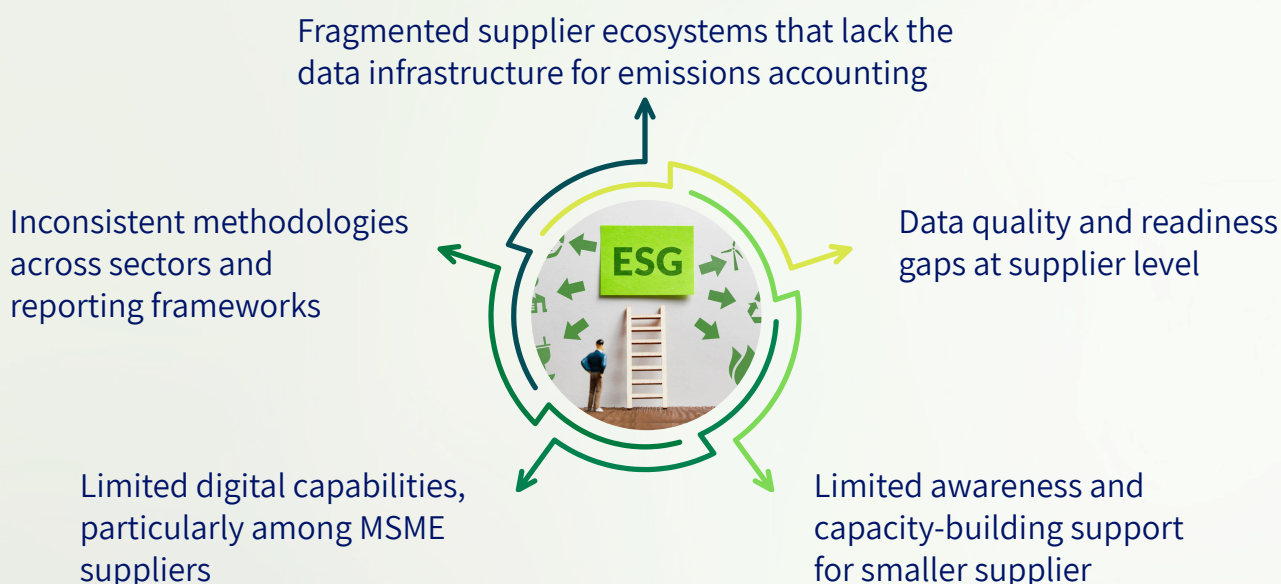
Net-zero commitments have proliferated globally and in India. However, a credibility gap exists: many commitments exist without credible transition pathways, interim milestones are weak or absent, and there is over-dependence on carbon offsets as a substitute for emissions reduction. The market is now evaluating execution credibility, not ambition alone.

For Indian corporates, this creates a concrete governance obligation: net-zero targets without board-level climate oversight, integrated transition plans, climate scenario planning and financial transition modelling are not credible commitments - they are reputational liabilities in waiting.

Core Challenge- The market now evaluates execution credibility, not ambition alone. A net-zero target without a credible, board-endorsed transition plan is not a commitment - it is an exposure.

3.2 Scope 3: The Supply-Chain Frontier

Scope 3 emissions - those embedded in the value chain upstream and downstream of a company's direct operations - represent the most significant and least addressed dimension of India's corporate decarbonization challenge. Five structural reasons are identified as to why Scope 3 disclosure and management remains inadequate:



SEBI's framework now requires top 250 listed entities to report ESG disclosures for value chain partners that individually account for 2% or more of purchases or sales (by value), with a coverage requirement of 75% of total purchases and sales. Assessment or assurance of these disclosures becomes voluntary from FY 2026-27. This represents a significant expansion of the ESG accountability perimeter into the mid-market.

3.3 Transition Investments: What Is Available Now vs 2030

The current landscape of decarbonization investment opportunities are mapped below:

Investible Today	Emerging 2030 Bets 
Renewable energy procurement	Green hydrogen
Electrification initiatives	Industrial decarbonization technologies
Energy efficiency programmes	Advanced low-carbon manufacturing pathways
Green logistics	Nature-based solutions at scale
Circular economy systems	Long-duration energy storage

3.4 Decarbonization Governance Best Practices

The risks of poorly managed transition, viz. workforce displacement, MSME exclusion, regional economic stress, social resistance and supply-chain disruption are substantial. The governance practices that distinguish credible transition plans from aspirational documents include the following:



Board-level climate oversight with defined accountability



Climate scenario planning against multiple temperature pathways



Integrated transition plans that connect emissions targets to capital allocation decisions



Financial transition modelling that quantifies stranded-asset exposure



Supplier engagement programmes that build Scope 3 data capability



Technology roadmaps aligned to sectoral decarbonization pathways



ESG-linked executive incentives that create internal accountability



Workforce transition planning that prevents just-transition failures

Decarbonization pathways face the greatest challenge from constraints such as technology readiness, capital expenditure, supplier engagement, data quality and leadership alignment.

The greatest challenge is technology readiness, with supplier engagement a closely related constraint. The pattern reflects the dual nature of the execution gap. On one side, the maturity and commercial viability of low-carbon solutions remain limiting; on the other, abatement progress is bound to the capacity of a fragmented supplier base to participate. Read together, these results reinforce that decarbonisation is constrained less by ambition than by the practical readiness of technologies and value-chain partners to deliver it.



ESG Beyond Listed Companies: The MSME Imperative

4.1 Why the Mid-Market Cannot Be Left Behind

India's ESG transition is concentrated in the listed corporate sector. The roundtable made clear that this concentration is a structural vulnerability. The unlisted, family-owned and MSME segment - which constitutes the backbone of India's manufacturing and services supply chains - is being drawn into the ESG accountability perimeter through multiple channels simultaneously, without adequate support infrastructure.

The stakeholders increasingly impacted and the forces driving this impact are as follows:



Stakeholder- Unlisted firms

Key Driver- Export regulations (EU CBAM, EUDR)



Stakeholder- Family-owned businesses

Key Driver- Supply-chain disclosure pressure from listed buyers



Stakeholder- MSMEs

Key Driver- Lender requirements for ESG data



Stakeholder- Export-linked suppliers

Key Driver- Customer procurement standards

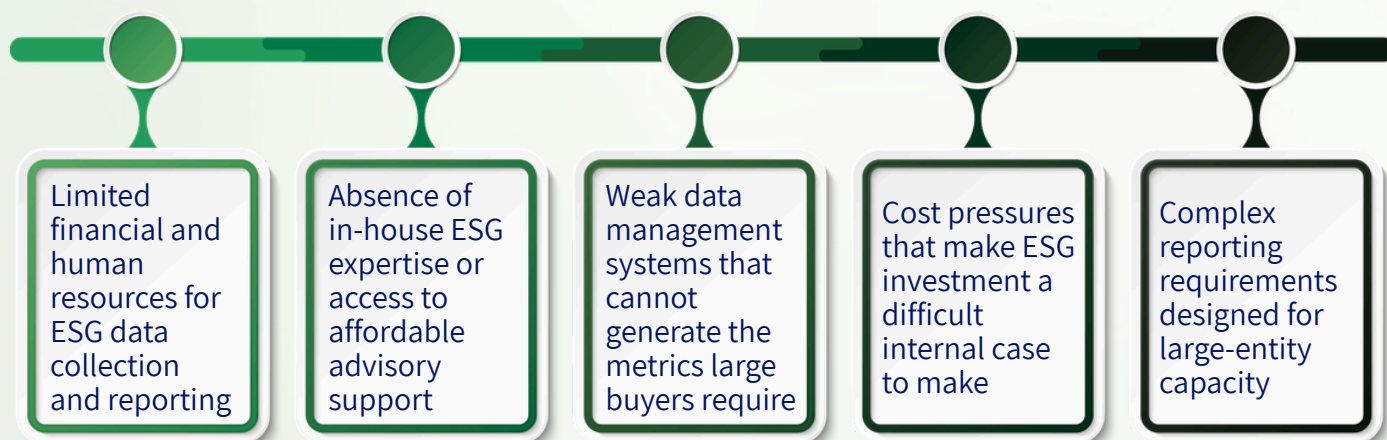


Stakeholder- Financial institutions

Key Driver- CBAM and EUDR implications for Indian exporters

4.2 The MSME ESG Burden

A risk that policy discussions rarely foreground is that ESG is in danger of becoming exclusionary rather than enabling for MSMEs. The challenges are compounded through:



As a consequence, MSMEs that cannot meet buyer ESG requirements risk exclusion from supply chains. This is not an ESG win; it is a transition failure. Policy must intervene to ensure that ESG becomes an enabler of MSME competitiveness, not a barrier to it.

Policy Imperative

India cannot claim a successful ESG transition if its 63 million MSMEs are systematically excluded from supply chains for inability to meet disclosure requirements designed for large enterprises. Proportionate frameworks, shared-service models and public capacity support are not optional - they are prerequisites for inclusive transition.

4.3 Financing the Mid-Market ESG Journey

Four financing instruments that are beginning to reach the mid-market are outlined below - each carrying specific design requirements to be effective at scale:



Green bonds: requiring credible use-of-proceeds frameworks and third-party verification that MSMEs rarely have access to

Transition finance: specifically structured to support companies moving from high- to low-carbon operations



Blended finance: combining public and philanthropic capital to de-risk private investment in MSME ESG transitions



Sustainability-linked financing: where loan pricing is tied to ESG performance metrics, requiring investible-grade data infrastructure

The family-owned business dimension also carries a structural feature that policy should leverage: generational leadership transition. Younger generations assuming leadership in family enterprises are demonstrably more receptive to embedding ESG in core strategy. Policy frameworks that support this transition through tax incentives, capacity grants and peer-learning networks can accelerate adoption without mandating compliance.

Key influencing factors that are expected to drive ESG adoption fastest among unlisted companies include regulatory requirements, export-market pressures, access to financing, buyer expectations and generational shifts in leadership.

Regulation and generational leadership change are the strongest accelerators, with export-market pressure also featuring prominently. The prominence of generational change is significant. It suggests that for the mid-market, the pace of adoption will be shaped not only by external mandates and trade requirements, but by a leadership transition that brings a different orientation toward sustainability. This points to a transition driven by a combination of regulatory compulsion and a structural shift in ownership and management.



Corporate-Civil Society Dialogue: Dismantling the Divide

5.1 The Structural Disconnects

A range of gaps exist between corporate ESG commitments and civil society realities on the ground. The structural disconnects that maintain this gap are well-understood but rarely addressed systemically, as given below:

01

Different operating timelines - corporates plan in quarters and financial years; communities and ecosystems operate on multi-generational timescales

02

Different success metrics - corporate ESG reporting measures outputs; civil society evaluates outcomes and lived-reality change

03

Trust deficits - accumulated through years of CSR-as-philanthropy models that prioritized optics over outcomes

04

Limited engagement platforms - formal ESG discourse rarely creates spaces for candid cross-sector exchange

05

Reporting-versus-lived-reality disconnect - sustainability reports describe what companies do; civil society observes what companies cause

The round table's framing of this divide drew directly from the opening call by Dr. Ashok Khosla, who urged that Samaj, Sarkar and Bazaar must work together rather than in silos. Sustainable development is not philanthropy, and climate risk has now become operational risk. Civil society organizations, with their early-warning instincts, behavioural insights and last-mile reach, are not peripheral to business but essential to it. Acting as system integrators, they detect signals, translate them into behavioural understanding, and deliver where corporate structures cannot reach. These reframing positions the corporate-civil society relationship as complementary rather than adversarial and sets the premise for dismantling the divide that the structural disconnects above sustain.

In this respect, academic institutions can play a critical role in bridging this divide. Academia must evolve to produce sustainability-ready professionals who combine business acumen with a grounded understanding of real-world environmental and social systems. This capability gap remains a structural constraint in scaling ESG from compliance to strategy.

5.2 Social License to Operate

Increasingly, community legitimacy is emerging as a consequential factor in project continuity and corporate reputation; one that regulatory approval alone cannot substitute for. The areas of increasing concern include:

Renewable energy projects, where land acquisition and community displacement have generated significant social resistance



Mining and extractive operations, where environmental and livelihood impacts on adjacent communities remain acute



Large infrastructure projects, where water use conflicts and livelihood disruption are generating organized opposition



The strategic reality is that community legitimacy increasingly influences not just project reputation but project continuity. Social license failures are translating into operational delays, financing complications and reputational damage that ESG ratings cannot absorb. Companies that have invested in genuine community engagement are discovering that it is not a cost: it is insurance.

5.3 From CSR to Strategic Sustainability Partnerships

A model shift that several entities are already navigating from traditional CSR (activity-focused, short-term, reporting-oriented) to Strategic Sustainability Partnerships are characterized by the following features:

Traditional CSR	Strategic Sustainability Partnership
Activity-focused interventions	Outcome-based partnerships with defined impact metrics
Activity-focused interventions	Long-term ecosystem engagement commitments
Corporate-designed programmes	Community-led interventions co-designed with civil society
Unilateral reporting	Shared accountability and monitoring frameworks
Philanthropy orientation	Co-created resilience building

Strategic Shift

The most durable corporate-civil society partnerships identified in the roundtable share a common feature: they moved from philanthropy to co-created resilience - positioning civil society not as a beneficiary but as a strategic partner in building the social infrastructure that makes corporate sustainability viable.



5.4 The Human Dimension of ESG

There are some social dimensions of ESG that are frequently underweighted in compliance-focused frameworks, including gender inclusion in sustainability transitions; workforce protection in decarbonization pathways; climate vulnerability among informal workers and rural communities; rural resilience in the face of climate disruption; livelihood transition support for workers in high-carbon sectors; and community adaptation capability building. These are not soft metrics. They are the indicators of whether India's ESG transition is just and therefore durable or merely formal.

Some key barriers to meaningful social collaboration include challenges such as trust deficits, differing stakeholder priorities, short-term engagement approaches, measurement complexities and limitations in funding structures.

Short-term engagement approaches and measurement challenges are the principal barriers. Both speak of a structural weakness in how such collaboration is currently constructed. Engagement that is episodic rather than sustained undermines the trust on which durable partnerships depend, while the inability to credibly measure outcomes weakens accountability and the case for continued investment. Progress depends on reframing collaboration as a long-term, outcome-measured commitment rather than a series of discrete interventions.



6.1 India's ESG Framework in Global Context

India's ESG regulatory architecture is increasingly sophisticated and, in some respects, ahead of comparable emerging markets. The BRSR framework's mandatory assurance requirements, the introduction of ESG Ratings by SEBI, and the expanding value-chain disclosure obligations position India as a country with serious sustainability governance ambitions. Rising scrutiny on ESG data and greater board and CFO accountability are further reinforcing the depth and credibility of the regulatory framework, alongside growing alignment with global standards. An assessment of India's framework against the global architecture is given below:

Framework	Strategic Relevance	India's Current Position
IFRS S1 & S2	Investor-focused sustainability disclosures	India aligning BRSR with ISSB standards; convergence pathway needed
EU CSRD	Double materiality and supply-chain accountability	Indian exporters to EU face cascade effects; BRSR not yet double-materiality compliant
EU CBAM	Carbon-linked export competitiveness	Indian steel, cement, aluminum exporters face carbon border costs from 2026
TNFD	Nature-risk integration	India's biodiversity richness makes TNFD adoption strategically important
GRI / SASB	Operational comparability	BRSR partly aligned; sector-specific standards remain underdeveloped

6.2 Anti-Greenwashing and Policy Capacity Gaps

A structural tension in India's ESG policy architecture is that ambitions are expanding faster than capacity. The areas of increasing scrutiny include net-zero claims, carbon neutrality assertions, supply-chain transparency, ESG-linked marketing, nature-positive claims, and are advancing without commensurate development of the institutional infrastructure required to validate them. The policy capacity gaps that exist are concrete:



MSME preparedness: the vast majority of India's 63 million MSMEs lack the systems, expertise and resources to respond to ESG demands from their buyers and lenders



Assurance capability: the pool of qualified ESG assurance professionals in India is insufficient for the volume of reasonable assurance engagements that BRSR Core will require at scale



Data systems maturity: the internal data management infrastructure of most Indian companies, including large, listed entities, is not yet fit for the precision that assured ESG disclosure demands



Skilled ESG workforce: India does not yet have the volume of trained ESG professionals that the transition requires at the pace regulators are mandating

6.3 Convergence vs Divergence in Global Reporting

An assessment of the global reporting landscape through a convergence-divergence lens shows that climate disclosure, governance expectations, single materiality concepts and transition planning frameworks are converging. Double materiality, social indicators, regulatory priorities and assurance scope continue to diverge. For Indian companies operating across jurisdictions, or supplying to companies that do, managing this patchwork is a material governance challenge that current policy does not adequately address.

It is felt that policy interventions that would create the greatest value would be framework harmonization, MSME support, improved transition incentives, sector-specific guidance and simplified disclosure requirements.

Simplified disclosures would be critical for value-creating interventions, with framework harmonization; a close second. This is a clear message to policymakers. The current reporting landscape is perceived as overly complex, and there is strong appetite both for reducing the compliance burden and for greater interoperability across the overlapping frameworks that companies must navigate. Taken together, the two priorities point toward a single underlying demand: a more coherent and proportionate disclosure architecture.



Emerging Frontiers: Nature, AI and Future of ESG Assurance

7.1 Beyond Carbon: The Rise of Nature and Biodiversity Risk

ESG is expanding beyond its carbon-centric origin. The roundtable identified nature and biodiversity risk as the next significant frontier - one where India's extraordinary ecological richness creates both significant exposure and significant opportunity. The Taskforce on Nature-related Financial Disclosures (TNFD) framework, biodiversity mapping, water stress and resilience assessment, ecosystem degradation metrics and natural capital valuation are moving from niche specialist territory to mainstream board agenda items.

For India, the policy implication is urgent. The country hosts approximately 8% of global biodiversity. The corporate sector, particularly those operating in agriculture, pharmaceuticals, infrastructure, mining and tourism carry substantial nature-related dependencies and impacts that are currently unquantified and undisclosed. The gap between India's ecological significance and its nature-related disclosure practice represents both a regulatory vacuum and a first-mover opportunity

7.2 Artificial Intelligence in ESG

AI's growing role in ESG needs to be examined with both enthusiasm and caution. The applications are genuine and significant: automated ESG data capture, ESG analytics and benchmarking, supply-chain assessment at scale, predictive risk monitoring, climate scenario modelling, and ESG assurance workflow automation. The risks, however, are equally significant and less frequently acknowledged, as summarized below:



AI Application (Opportunity)- Automated data capture

Associated Risk- Algorithmic bias in ESG scoring



AI Application (Opportunity)- ESG analytics and benchmarking

Associated Risk- Data integrity risks from unverified inputs



AI Application (Opportunity)- Supply-chain assessment

Associated Risk- Explainability limitations in AI-generated disclosures





AI Application (Opportunity)- Predictive risk monitoring
Associated Risk- Over-automation reducing human judgement



AI Application (Opportunity)- Climate scenario modelling
Associated Risk- AI-enabled greenwashing at scale



AI Application (Opportunity)- ESG assurance workflows
Associated Risk- Cybersecurity vulnerabilities in ESG data systems



7.3 The Future of ESG Assurance: BRSR Core and Reasonable Assurance

The shift towards reasonable assurance rather than limited assurance, for BRSR Core disclosures represents a qualitative escalation in what India's ESG framework demands of organizations. Reasonable assurance is catalyzing five internal transformations: stronger data governance; improved accuracy of sustainability disclosures; greater Board and management accountability; better internal controls and audit preparedness; and increased supply-chain data reliability.

What boards must now prepare for includes real-time ESG monitoring; continuous assurance models; supply-chain traceability systems; nature literacy at board level; AI governance understanding; transition-planning capability; and ESG assurance oversight. These are not future requirements. They are the capability gaps that the current trajectory of India's ESG regulatory framework is rapidly making visible.

For organizations today, AI is creating measurable ESG value within organizations, with varying levels of maturity, ranging from significant value creation to moderate impact, as well as organizations still in pilot stages or yet to begin deploying AI in ESG contexts.

Most organizations are at the pilot stage, with a smaller proportion indicating moderate value creation. This distribution situates AI in ESG firmly within an early-adoption phase, characterized by widespread experimentation but limited evidence of scaled, measurable impact. The finding is consistent with a market still establishing the data foundations, governance structures and assurance mechanisms required to translate AI capability into reliable ESG outcomes.



Policy

Recommendations

The following recommendations arise directly from the roundtable dialogue and are structured across six policy domains. They are addressed to SEBI, MoEFCC, MoMSME, the Ministry of Finance, IBBI, industry bodies and the broader think-tank and academic community.

Domain 1: Strengthening the Regulatory Architecture

Recommendation 1: Develop an ISSB-BRSR Convergence Roadmap

SEBI and MCA should jointly publish a time-bound convergence roadmap aligning BRSR with ISSB (IFRS S1 and S2) standards. India should aim for voluntary adoption of ISSB-aligned disclosures by 2027 and mandatory adoption by 2030 for listed entities above a defined size threshold. This convergence is essential for Indian companies raising international capital and for maintaining export competitiveness as global investors standardize on ISSB-aligned disclosures.

Recommendation 2: Establish a Dedicated Anti-Greenwashing Enforcement Unit

SEBI should establish a specialist unit with the mandate and capacity to investigate and act on material greenwashing cases: false or misleading sustainability claims in annual reports, investor communications, and marketing materials. Clear safe-harbour provisions should accompany enforcement to encourage honest disclosure of uncertainties rather than optimistic over-claiming.

Recommendation 3: Accelerate CBAM Readiness Support

The Finance Ministry should urgently develop a CBAM Readiness Programme for Indian exporters to the EU - particularly in steel, cement, aluminium and chemicals. This should include standardized carbon accounting methodologies; subsidized third-party verification for MSMEs; and diplomatic engagement to ensure India's domestic carbon pricing mechanisms receive appropriate credit under CBAM calculations.



Domain 2: MSME and Mid-Market Inclusion

Recommendation 4: Launch a National ESG Capacity Programme for MSMEs

MoMSME, in collaboration with SEBI and SIDBI, should design and fund a National ESG Capacity Programme providing MSMEs with simplified, sector-specific ESG disclosure templates; subsidized access to ESG advisory services through MSME Development Institutes; digital tools for basic carbon and water footprint tracking; and peer-learning networks connecting ESG-advanced MSMEs with those beginning their journey.

Recommendation 5: Develop Proportionate ESG Frameworks for Unlisted Entities

SEBI and MCA should publish a tiered, voluntary ESG disclosure framework for unlisted companies - differentiated by size, sector and export exposure. This framework should serve as the basis for lender ESG requirements, supply-chain disclosure expectations and export market readiness, reducing the current patchwork of inconsistent buyer-imposed requirements.

Recommendation 6: Create ESG-Linked Financing Instruments for Mid-Market Transition

RBI should work with scheduled commercial banks to develop standardized sustainability-linked loan products for the mid-market, with pricing benefits tied to measurable and independently verified ESG improvements. SIDBI should expand its green and transition finance portfolio with specific products designed for MSME decarbonization capex. Blended finance structures, combining public and development finance institution capital, should be developed for high-impact mid-market ESG investments.

Domain 3: Corporate-Civil Society Collaboration

Recommendation 7: Mandate Outcome-Based CSR Reporting

MCA should amend CSR reporting requirements to shift emphasis from activity and expenditure disclosure to outcome and impact disclosure. Companies above the CSR threshold should be required to report against independently verified outcome metrics: moving from 'what we funded' to 'what changed as a result.' This reform would accelerate the shift from traditional CSR to strategic sustainability partnerships that the roundtable identified as the more durable model.

Recommendation 8: Establish Structured Corporate-Civil Society Dialogue Platforms

A formal mechanism - potentially convened by NITI Aayog or a designated Industry-Civil Society Dialogue Council - should create structured, sector-specific forums for honest exchange between corporate decision-makers, civil society organizations and affected communities on ESG implementation challenges. The roundtable's own design - closed-door, Chatham House norms, facilitated cross-sector exchange - offers a replicable model. As climate risk transitions into operational risk, Civil Society Organizations (CSOs) are becoming indispensable to corporate strategy. They function as early warning systems, behavioral interpreters and last-mile executors; capabilities that cannot be replicated within traditional corporate structures. This reinforces the need for institutionalized platforms that enable their systematic integration into ESG decision-making. (highlighted Dr. Ashok Khosla)

Recommendation 9: Develop a Social License to Operate Framework

MoEFCC and the Ministry of Tribal Affairs should develop a formal Social License to Operate framework for projects in ecologically and socially sensitive areas. This framework should go beyond Environmental and Social Impact Assessment compliance to require ongoing community engagement, independent monitoring, and transparent grievance mechanisms, recognizing that community legitimacy is a prerequisite for project viability, not an optional add-on.

Domain 4: Data, Assurance and Infrastructure

Recommendation 10: Invest in the ESG Assurance Professional Pipeline

ICAI, SEBI and MCA should jointly commission a workforce gap assessment for ESG assurance professionals and fund a structured capacity-building programme, through revised CA/CS curricula, specialist certification programmes and continuing professional development and capacity building requirements for practitioners. BRSR Core's assurance mandates will expand to the top 1,000 listed entities by FY 2026-27; the qualified professional pool must grow commensurately.

Recommendation 11: Build a National ESG Data Infrastructure

India should develop a national ESG data platform - potentially anchored within MCA21 - that aggregates and makes publicly accessible the BRSR disclosures of listed entities, enables benchmarking across sectors and peer groups, and provides the foundation for the ESG Ratings ecosystem. This infrastructure would also enable regulators to identify disclosure gaps, monitor trends and target enforcement resources effectively.

Domain 5: Nature and Biodiversity Disclosure

Recommendation 12: Pilot TNFD-Aligned Disclosure for Nature-Intensive Sectors

MoEFCC and SEBI should jointly pilot TNFD-aligned nature-related financial disclosure requirements for companies in nature-intensive sectors: agriculture, mining, infrastructure, pharmaceuticals and tourism, beginning with voluntary disclosure for large entities and building towards mandatory requirements. India's biodiversity richness makes this both a risk-management imperative and an international standard-setting opportunity.

Recommendation 13: Integrate Water Stress into ESG Disclosure Requirements

Water risk - a material financial risk for Indian companies given the country's water-stressed geography - should be explicitly and quantitatively required in BRSR disclosures. SEBI should work with the Central Water Commission to develop standardized water accounting methodologies and contextualize disclosure requirements against watershed-level stress data.

Domain 6: AI Governance in ESG

Recommendation 14: Develop AI Governance Standards for ESG Disclosures

SEBI and ICAI should develop guidance on the appropriate use of AI-generated content and analysis in ESG disclosures, establishing requirements for algorithmic transparency, data integrity validation, and human oversight of AI-generated sustainability claims. As AI-enabled greenwashing becomes a material risk, the regulatory framework must be capable of identifying and acting on it.

Recommendation 15: Commission a National AI-in-ESG Readiness Assessment

NITI Aayog should commission a structured assessment of AI's current and potential role in India's ESG ecosystem: mapping applications, risks, regulatory gaps and international best practices. This assessment should inform a national AI-in-ESG policy framework that enables productivity gains while mitigating the risks of algorithmic bias, data integrity failure and AI-enabled greenwashing.

9.1 The Strongest Convergences from the Roundtable

Across six sessions of structured dialogue, five convergences emerged with consistent force:



ESG is moving from disclosure to strategic execution. The era of form-filling is ending. The era of accountable, board-level ESG governance is beginning.



Transition credibility matters more than ambition. The market, investors and regulators are increasingly able to distinguish between commitments and pathways. Ambition without execution infrastructure is a liability.



ESG capability gaps remain acute across ecosystems. The gap between what regulation demands and what organizations - particularly in the mid-market - can currently deliver is structural and requires policy intervention.



Supply-chain inclusion is critical for successful transition. A listed company cannot claim a credible ESG position while its unlisted suppliers operate in an ESG vacuum. Value-chain accountability must be matched by value-chain support.



Data quality, assurance and governance are central to ESG credibility. Without investment-grade ESG data produced through robust internal systems and validated through independent assurance, the ESG ecosystem cannot function as intended.

9.2 The Questions that need to be addressed going forward

The roundtable was equally productive in identifying questions that require deeper deliberation; questions that this white paper carries forward rather than presuming to answer:

How do we scale ESG transition without excluding MSMEs? The compliance burden on smaller firms risks being more damaging than the transition risks it is designed to address.

Can ESG reporting frameworks become truly interoperable across jurisdictions? The current patchwork of BRSR, ISSB, CSRD and sector-specific requirements imposes material costs on internationally operating companies.

How do we build greater trust between corporates, regulators and communities? Trust is the foundation of effective ESG governance - and it is currently in deficit across all three relationships.

9.3 Niyat and Taqneek: The Path Forward

The roundtable opened with a call that Samaj, Sarkar, Bazaar - society, government and market - must work together, not in silos. It closed with a vocabulary for the path forward: Niyat, the intent to act with integrity embedded in action; and Taqneek, the tools and capability to make that intent real.

India's ESG transition has intent in abundance. The 2026 ESG Reset is real. The regulatory architecture is serious. The corporate appetite, as demonstrated by the caliber of the roundtable's participants and the quality of its dialogue, is genuine. What the transition now needs is the Taqneek to match: proportionate frameworks, investible capacity-building, functional data infrastructure, and the institutional platforms for honest cross-sector dialogue.



India's rise is undeniable. How we rise is the question history is asking of us today. The answer lies not in more conversation, but in sharper, more grounded action - by boardrooms, by policymakers, and by the communities whose futures these decisions will shape.

The conveners of this roundtable - Great Lakes Institute of Management, Gurgaon, Development Alternatives, and Pierag Consulting - have committed to carrying this work forward through a continuing series of strategic roundtables, Management Development Programmes, certification programs and collaborative policy outputs designed to influence both industry practice and policy discourse. This white paper is the first such output. It will not be the last.

Associated Initiative

The roundtable also marked the launch of a joint Management Development Programme between Development Alternatives and GLIM, grounded in practice, anchored in ground realities, and designed to build genuine ESG literacy within organizations across four flagship programmes:

- ESG: From Paper to Practice.
- Winning with Less: The Circular Advantage.
- Business Resilience amidst a Climate-Disrupted Economy.
- A New Approach to Entrepreneurship: Social Innovation for Systems Change.