

Harmonising IFRS S1/S2 And Business Responsibility and Sustainability Report (BRSR) For Sustainable Business In India

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Abstract

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This paper examines the alignment of International Financial Reporting Standards (IFRS) S1 and S2 with India's Business Responsibility and Sustainability Reporting (BRSR) framework, focusing on the pathway for future integration. As there is scant published research on IFRS S1 and S2 in the context of BRSR and financial reporting in India, this study is exploratory in nature. The paper explores the scope, objectives, and key features of IFRS S1 and S2, highlighting the principles guiding metric selection. The analysis reveals the anticipated benefits of adopting these standards, including enhanced comparability and improved investor decision-making. Through a review of existing reports and analyses, this study identifies the challenges associated with implementation, particularly within the Indian context.

Using purposive sampling, 31 Chartered Accountants and mid-senior finance professionals were interviewed to gauge their awareness of IFRS S1 and S2 in the context of financial reporting in India, assess the level of alignment between BRSR and IFRS S1 and S2, and understand the challenges faced in adopting these standards. Furthermore, this paper evaluates the necessary modifications to the BRSR framework to achieve effective alignment with IFRS S1 and S2. The study concludes by outlining the strategic implications of this alignment, emphasizing its potential to strengthen sustainability reporting practices among Indian businesses and foster greater transparency in the capital market.

Keywords : IFRS S1 and S2, BRSR, Sustainability Reporting, Sustainability Metrics, Sustainable Business

1. Introduction

The demand for consistent and reliable sustainability disclosures has grown significantly as stakeholders prioritize environmental, social, and governance (ESG) considerations. India's journey began with the Business Responsibility Report (BRR), which laid the groundwork for corporate responsibility

disclosures. Recognizing the growing importance of sustainability, the Securities and Exchange Board of India (SEBI) introduced the Business Responsibility and Sustainability Report (BRSR), an enhanced framework that integrates environmental, social, and governance (ESG) factors into corporate reporting. This transition signifies a shift from basic

responsibility to comprehensive sustainable development.

While BRSR focuses on providing a comprehensive overview of a company's ESG performance within the Indian context, IFRS S1, issued by the International Sustainability Standards Board (ISSB), aims to create a global baseline for sustainability-related financial disclosures. ISSB developed IFRS S1 (General Requirements for Disclosure of Sustainability-related Financial Information) and IFRS S2 (Climate-related Disclosures). These standards aim to harmonize sustainability reporting globally by building on existing frameworks like the Task Force on Climate-related Financial Disclosures (TCFD) (Silva et al., 2023; Osborn & Langemeier, 2024). As a member of the 32-member International Organization of Securities Commissions (IOSCO) Board, SEBI is responding to the organization's directive, which urged its 130 member jurisdictions to adopt the ISSB standards, effective from January 2024. This directive underscored the growing global consensus on the importance of standardized sustainability reporting. Notably, approximately 56 jurisdictions have demonstrated progress in adopting these standards, with half having finalized the implementation process. Even India's neighbours like Bangladesh, Pakistan and Sri Lanka have adopted the standards in 2024-25, with Limited Assurance made mandatory by most of them.

To facilitate this integration, SEBI established a dedicated research team. This team conducted a comprehensive analysis, presenting its findings to SEBI's ESG Advisory Committee. The analysis identified existing gaps within the current Business Responsibility and Sustainability Reporting (BRSR) framework relative to the IFRS S1 and S2 standards. Consequently, the research team actively developed the necessary additions and adjustments to ensure alignment with the international standards. This strategic alignment is a critical step in enhancing the comparability and reliability of sustainability

disclosures within the Indian capital market, thereby fostering greater investor confidence and promoting sustainable corporate practices (Gorde, 2025).

1.1 Research Questions

- ◆ What is the level of understanding among seasoned finance professionals of the key requirements of IFRS S1/S2?
- ◆ What are the perceptions of seasoned finance professionals regarding the alignment between BRSR and IFRS S1/S2?
- ◆ What is the level of preparedness of organizations in India to implement the disclosure requirements of IFRS S1/S2?

This paper is organized into five sections. Section 1 presents the introduction and research questions to be addressed. Literature review is covered in section 2. Section 3 provides the research methodology employed by the study while section 4 presents discussion of the research findings. Conclusion and recommendations emanating from the study are presented in section 5.

LITERATURE REVIEW

2.1 Scope and Objectives of IFRS S1 and IFRS S2

IFRS S1: General Sustainability-Related Disclosures

IFRS S1 establishes a framework for entities to disclose material information about sustainability-related risks and opportunities that could influence their financial performance. It requires companies to integrate such disclosures into their general-purpose financial reports, ensuring that investors can assess how these factors impact corporate value over the short, medium, and long term (IFRS Sustainability, 2023, Böckem, n.d.).

IFRS S2: Climate-Related Disclosures

IFRS S2 mandates that entities disclose information regarding climate-related risks and opportunities that could reasonably be expected to influence their cash flows, access to finance, or cost of capital over short, medium, or long-term horizons. It mandates

disclosures on:

- Physical risks (e.g., extreme weather events)
- Transition risks (e.g., regulatory changes)
- Opportunities arising from climate change (e.g., renewable energy adoption)

Entities must report how these factors affect their governance, strategy, risk management, metrics, and targets (Silva et al., 2023).

2.2 Need for Harmonization

Shareholders are increasingly demanding transparent and comprehensive Environmental, Social, and Governance (ESG) disclosures from corporations to ensure accountability. Organizations that publish sustainability reports are perceived as trustworthy and environmentally conscious, rather than carrying on activities 'only for profits'.

Integration of sustainability-related reporting along with financial reporting is imperative in today's world. Contemporary financial analysis increasingly integrates Environmental, Social, and Governance (ESG) criteria, thereby influencing investment decisions and valuations. Dedicated ESG investment funds are experiencing significant growth, reflecting a shift in investor priorities towards sustainable and ethical considerations. (Kishnadwala, 2025)

2.3 Key Features of the Standards

1) Alignment with TCFD Framework

Both standards adopt the TCFD's four-pillar structure:

- a) Governance: Oversight of sustainability risks and opportunities.
- b) Strategy: Integration of these factors into business models.
- c) Risk Management: Processes for identifying and mitigating risks.
- d) Metrics and Targets: Quantitative and qualitative measures (Silva et al., 2023; Osborn & Langemeier, 2024)

2) Flexibility Across Jurisdictions

The standards are designed to be interoperable with other accounting frameworks, such as U.S. GAAP, allowing both large corporations and smaller entities to adopt them without excessive costs or complexity (Silva et al., 2023; Osborn & Langemeier, 2024)

3) Mandatory vs. Voluntary Adoption

Effective from January 1, 2024, IFRS S1 and S2 are mandatory in jurisdictions that integrate them into regulatory frameworks. However, companies can voluntarily adopt these standards to demonstrate leadership in sustainability reporting (Böckem, n.d.)

2.4 Main differences between IFRS S1 and IFRS S2

1) Scope and Focus

IFRS S1 standard provides general requirements for the disclosure of sustainability-related financial information. It covers a broad range of environmental, social, and governance (ESG) risks and opportunities that could affect a company's financial performance. IFRS S1 is designed to be used by entities as part of their general-purpose financial reports, ensuring that sustainability disclosures are integrated into financial reporting (Silva et al., 2023; IFRS, 2025; APLANET, 2023). IFRS S2 standard focuses specifically on climate-related disclosures. It requires companies to report on how they manage the negative effects of climate change, including physical risks (e.g., extreme weather events), transition risks (e.g., policy changes), and opportunities arising from climate change (e.g., renewable energy adoption) (Silva et al., 2023; APLANET, 2023).

2) Metrics and Targets

While IFRS S1 requires disclosures on sustainability-related risks and opportunities, it does not specify exact metrics or targets. It encourages companies to consider industry-specific information, often drawing from SASB standards (IFRS, 2025). IFRS

S2 standard encourages disclosures on cross-industry metrics, industry-based metrics, and both qualitative and quantitative targets related to climate change. It provides more detailed guidance on climate-related metrics and targets, aligning with industry-based guidance (Silva et al., 2023; IFRS, 2025).

3) Applicability

IFRS S1 applies to any entity that provides general-purpose financial reporting, focusing on financially material ESG risks and opportunities (Apiday, 2024; ACCA, n.d.). IFRS S2 is specifically tailored for entities with significant climate-related risks and opportunities. It is designed to complement IFRS S1 and other future standards (Apiday, 2024; BDO, 2023).

In summary, while both standards are designed to enhance sustainability reporting, IFRS S1 provides a broader framework for ESG disclosures, and IFRS S2 focuses on climate-specific risks and opportunities.

2.5 Selection of Metrics

Companies determine which metrics to disclose under IFRS S1 and S2 by following a principles-based approach that emphasizes materiality and relevance to their specific business operations. Below is the process to decide on the metrics for each standard:

IFRS S1: General Sustainability-Related Disclosures

1. **Materiality Assessment:** Companies must assess which sustainability-related risks and opportunities are material to their financial condition and performance. This involves considering both financial and impact materiality (KEY ESG, 2023).

2. **Industry-Specific Metrics:** IFRS S1 encourages the use of industry-specific metrics, often derived from SASB standards. This helps ensure that disclosures are relevant and comparable across similar industries (Newtral, 2024; Silva et al., 2023).

3. **Governance, Strategy, Risk Management, and Metrics/Targets :** Disclosures are structured around these four core areas, similar to the TCFD framework. Companies must provide information on how sustainability factors affect their governance, strategy, risk management processes, and metrics/targets (Saunders, 2023).

IFRS S2: Climate-Related Disclosures

1. **Climate-Specific Metrics :** IFRS S2 focuses on climate-related risks and opportunities, requiring disclosures on metrics such as greenhouse gas emissions (Scope 1, 2, and 3), energy intensity, transition risks, and climate-related financial impacts (Carroll, 2023; Newtral, 2024)

2. **Cross-Industry and Industry-Based Metrics :** Companies must disclose both cross-industry metrics (e.g., GHG emissions) and industry-based metrics relevant to their specific sector (IFRS Sustainability, 2025; Carroll, 2023)

3. **Company-Specific Metrics :** IFRS S2 also requires disclosures on metrics used by management or the board to measure progress toward climate-related targets, including those set by law or regulation (Carroll, 2023)

Common Principles for Both Standards

1. **Fair Presentation and Materiality:** Both standards emphasize the importance of fair presentation and materiality in selecting metrics. Companies should only disclose metrics that are relevant and material to their financial condition and performance (Silva et al., 2023; IFRS Sustainability, 2025)

2. **Integration with Existing Frameworks :** The ISSB encourages companies to consider existing frameworks like TCFD and SASB when determining metrics, ensuring alignment with globally recognized best practices (Silva et al., 2023; Newtral, 2024)

2.6 Impacts of IFRS S1 and S2 on Financial Reporting

The integration of climate-related commitments (e.g. emissions reduction targets, investing in renewable energy, achieving net zero) and risks into financial reporting is becoming increasingly critical, necessitating a cohesive approach that aligns with established accounting standards such as IAS 1 (IFRS), Ind AS 1 (Ind AS), and AS 1 (non-Ind AS). This integration mandates detailed disclosures concerning assumptions, estimates, transition risks, recognition of assets and liabilities, and going concern assessments, all of which are significantly influenced by climate-related factors ((IFRS Foundation, 2024; Kishnadwala, 2025).

Specifically, the determination of useful life for property, plant, and equipment (PPE) must now account for commitments to transition away from fossil fuels. For instance, a commitment to shift from thermal power to solar energy necessitates a re-evaluation of the thermal plant's useful life, potentially leading to impairment recognition. This would be very significant, for instance for a company which has set a transition target to be achieved in the next 5 years, but having PPE with 25-year residual lifespan. Similarly, commitments to reduce emissions require provisioning for related expenditures, such as consultancy services for emission reduction strategies, and may result in onerous contracts. Furthermore, climate-related risks can significantly impact fair value assessments, particularly for assets located in regions prone to climate-induced events like floods. Financial reporting must therefore disclose impairment losses attributable to such events, detailing the affected assets and the magnitude of the loss. Concurrently, sustainability reporting should provide a complementary narrative, cross-referencing financial disclosures and elaborating on the entity's resilience strategies and future risk mitigation measures (Kishnadwala, 2025).

The transition to sustainable business models, such as the shift from internal combustion (IC) vehicles to electric vehicles (Evs), necessitates comprehensive disclosures in both financial and sustainability reports. Sustainability reporting correlates this, detailing revenue from EVs and IC vehicles, carrying amounts, anticipated financial impacts, investment needs, climate-related opportunities, and capital investments.

Companies are indeed implementing these disclosures. Examples include:

- Hindustan Unilever: Justifies related party transactions (RSPO-certified palm oil procurement) by linking them to ESG commitments.
- Vedanta: Provides extensive climate change disclosures in notes to accounts, outlining net carbon neutrality goals and emission reduction targets.
- Tata Motors: Incorporates climate risk into JLR business impairment assessments, considering supply chain, material, and compliance costs.
- Tata Steel: Considers climate change impacts on future operating results and growth rates in impairment judgments, with cross-references to sustainability reports.
- Saudi Aramco: Includes environmental provisions for asset retirement related to oil and gas well plugging and decommissioning.
- Brookfield Asset Management: Emphasizes clean energy investments aligned with Net Zero goals.
- Airbus: Assesses climate impact on the useful life of capitalized assets, referencing detailed climate impact notes.
- Shell: Discloses investments in emission control and clean energy transition, including emission certificate trading.
- DHL Group: Discloses the purchasing of emission certificates.
- Nestlé: Considers climate impact on plant

impairment and classifies emissions as primarily Scope 3.

Some other identifiable risks include climate-related wildfires or natural calamities could disrupt the supply of raw materials, Insufficient board diversity may harm talent attraction and reputation, Poor payment practices disrupt supply chains and client relations, Sea level rise which can inundate coastal facilities; policy and legal risks associated with the transition to a low-carbon economy, such as carbon pricing mechanisms, regulations on emissions, and mandates for renewable energy.

2.7 Benefits of IFRS S1 and IFRS S2

The introduction of IFRS S1 and IFRS S2 brings significant potential benefits for both investors and companies. For investors, these standards promise enhanced comparability of sustainability-related disclosures across various industries, enabling more informed decision-making. This improved comparability translates to better access to decision-useful information, ultimately reducing the costs associated with manually collecting and analyzing disparate data.(IFRS Sustainability, 2023; Carroll, 2023).

Companies also stand to gain substantially from adopting IFRS S1 and S2. These standards streamline reporting processes by consolidating multiple existing sustainability frameworks, leading to greater efficiency. Furthermore, the focus on robust data collection and reporting enhances data quality, fostering better governance and strategic alignment. Finally, transparent and standardized sustainability reporting strengthens a company's reputation and builds trust among stakeholders (IFRS Sustainability, 2023; Osborn & Langemeier, 2024).

2.8 Impact of IFRS S1 and S2 on Investor Decisions

IFRS S1 and IFRS S2 significantly impact investor decisions by providing standardized, transparent, and

comparable sustainability-related disclosures. These standards enhance the ability of investors to assess risks, opportunities, and long-term value creation. Here are the key ways they influence investor decisions:

1) Improved Decision-Usefulness

- Both standards require companies to disclose material sustainability-related information that affects their financial performance and prospects over the short, medium, and long term. This helps investors make informed decisions about potential risks and returns associated with their investments(Silva et al., 2023).

- IFRS S2 specifically focuses on climate-related disclosures, such as physical risks (e.g., extreme weather events) and transition risks (e.g., regulatory changes). These disclosures enable investors to evaluate how climate change impacts corporate strategies and resilience(Silva et al., 2023; IFRS Sustainability, 2023)

2) Enhanced Comparability

- The standards promote consistency across industries by aligning with frameworks like the TCFD. IFRS S2 encourages cross-industry metrics (e.g., greenhouse gas emissions) and industry-specific metrics, making it easier for investors to compare companies within and across sectors (IFRS Sustainability, 2025)

- Disclosures under IFRS S1 provide a broad view of sustainability risks and opportunities, while IFRS S2 offers detailed insights into climate-specific factors. Together, these standards reduce fragmented reporting practices, improving comparability for investors(IFRS Sustainability, 2023); APLANET, 2023)

3) Transparency in Risk Management

- Investors gain insights into how companies manage sustainability-related risks and opportunities through

disclosures about governance, strategy, risk management processes, and metrics/targets. This transparency reduces uncertainties in investment decisions (Adesogbon & Nmazua, 2024).

- Better identification of sustainability risks allows investors to assess the cost of risk more accurately, enhancing risk-adjusted investment strategies (IFRS Sustainability, 2023).

4) Access to High-Quality Data

- The adoption of IFRS S1 and S2 improves data quality by standardizing reporting processes. This provides investors with reliable information for evaluating corporate performance, resilience, and alignment with global sustainability goals (IFRS Sustainability, 2023; APLANET, 2023)

- Investors benefit from reduced costs associated with manual data collection and analysis due to streamlined reporting frameworks (IFRS Sustainability, 2023)

5) Alignment with Investor Priorities

- A PwC survey found that 75% of investors are willing to increase investments in companies that effectively manage sustainability issues relevant to business performance. IFRS S1 and S2 align disclosures with these priorities by focusing on material ESG factors (Adesogbon & Nmazua, 2024).

- The standards also address investor demands for inside-out reporting (i.e., understanding a company's impact on society or the environment), further influencing investment decisions (Adesogbon & Nmazua, 2024)

2.9 Challenges in Implementation

The implementation of IFRS S1 and S2 is not without its challenges. Companies may encounter high initial costs associated with establishing the necessary data collection systems. The complexity of aligning existing internal practices with the new, comprehensive reporting requirements can also pose a significant hurdle. Furthermore, smaller firms may face particular difficulties due to limited internal

expertise in sustainability reporting.

2.10 Implications for Global Reporting

The introduction of IFRS S1 and S2 marks a significant step toward global alignment in sustainability disclosures. By integrating familiar frameworks like TCFD and SASB into a unified structure, these standards reduce redundancy while promoting transparency. Over time, they are expected to become the foundation for mandatory reporting in many jurisdictions (Osborn & Langemeier, 2024; Böckem, n.d.)

2.11 Changes required in BRSR to align with IFRS S1 and S2

1) Scope and Focus:

BRSR primarily focuses on a "double materiality" perspective, i.e. impact of the company on the environment and society, and the impact of the environment and society on the company. However, IFRS S1 & S2 have a primary focus on "single materiality" or "financial materiality", i.e. how sustainability-related risks and opportunities impact the company's value and financial position. For alignment, BRSR may need to further emphasize the financial materiality aspect of sustainability risks and opportunities, focusing on how these factors affect the company's financial performance, position, and future cash flows. However, retaining the double materiality lens is important for India's context. BRSR should align its materiality definition with IFRS S1, ensuring that disclosed information could reasonably influence investor decisions.

2) Reporting Framework and Structure:

BRSR could benefit from greater alignment with the IFRS S1 framework, particularly in terms of emphasizing the connection between sustainability information and financial statements. Increased alignment with the TCFD recommendations, as used in IFRS S2, would also enhance the quality and comparability of climate-related disclosures in BRSR.

3) Specific Disclosures:

IFRS S2 requires specific disclosures related to climate-related risks and opportunities, including physical risks, transition risks, and climate-related targets. BRSR should ensure that it requires specific and detailed disclosures on climate-related risks and opportunities, aligned with IFRS S2. This includes quantitative metrics, scenario analysis, and information about how climate-related risks are integrated into the company's strategy and risk management processes.

4) Assurance and Verification:

IFRS S1 & S2 highlight the importance of reliable and verifiable information. BRSR should continue to strengthen its requirements and guidance on the assurance of sustainability disclosures to enhance the credibility and reliability of the information provided.

5) Scope of Emissions

BRSR requires disclosure of only Scope 1 and 2 emissions, with Scope 3 being optional. IFRS S2 mandates disclosure of Scope 1, 2, and 3 greenhouse gas (GHG) emissions. So BRSR can be widened to include Scope 3 GHG emissions as well.

6) Industry-specific metrics

BRSR uses standard metrics across industries, limiting sector-specific insights. IFRS S2 includes industry-specific metrics to ensure relevance for different sectors. BRSR can also adopt industry-specific metrics where appropriate.

7) Governance disclosures

IFRS S2 requires detailed governance disclosures on climate-related risks and opportunities. BRSR includes governance aspects but lacks the depth required by IFRS standards.

8) Climate Risk Assessment:

IFRS S2 requires detailed assessments of physical and transition risks associated with climate change,

including strategic responses to these risks. BRSR does not provide the same level of detail in climate risk assessments, but can adopt the same going forward.

9) Validation of Climate Targets:

IFRS S2 requires companies to disclose climate-related targets that have been validated by a third party. BRSR does not specify the need for third-party validation of climate targets.

3. Research Methodology

3.1 Type of Study : Exploratory (As IFRS S1 and S2 are not yet implemented in India and there is scant published research available in this area in the context of BRSR)

3.2 Sources of Data : Secondary data has been sourced from publications by IFRS Foundation, PwC, webinars and websites. Primary data was collected through interviews.

3.3 Sampling Type : Purposive sampling

3.4 Sample Size : 31

3.5 Sample Set : Chartered Accountants and mid-senior Finance (work experience > 5 years) professionals who are exposed to sustainability reporting

3.6 Primary Data collection : In-depth interviews conducted either face-to-face or telephonic

3.7 Type of data collected : Quantitative and Qualitative data

Data saturation was reached at the 25th interview and data collection was stopped at the 31st interview. Participation in the study was voluntary.

Of the 31 respondents, only 20 respondents had moderate to high level of understanding of both BRSR and IFRS S1/S2. Hence, only these 20 respondents were asked further questions regarding the level of alignment between BRSR and IFRS Sustainability Standards.

4. Results

Table 1 : Assessment of level of understanding and preparedness towards IFRS S1/S2

Particulars	Mean score (out of 5)	Median score (out of 5)	Interpretation
Rate your understanding of the key requirements of BRSR	3.61	4	Good level of understanding of BRSR
Rate your understanding of the key requirements of IFRS S1 (General Requirements for Disclosure of Sustainability-related Financial Information)	3.23	3	Moderate level of understanding of IFRS S1
Rate your understanding of the key requirements of IFRS S2 (Climate-related Disclosures)	3.39	4	Good level of understanding of IFRS S2
Level of preparedness of organizations in India to implement the disclosure requirements of IFRS S1/S2	2.74	2	Low level of preparedness
Level of alignment between the BRSR and climate-related disclosure requirements of IFRS S2	4.45	5	High level of alignment

The respondents identified similarities between BRSR and IFRS S1/S2 in terms of thematic pillars for disclosures, disclosures of governance processes, material sustainability risks, quantitative metrics and

outlining sustainability strategies.

The respondents noted three important distinctions between IFRS S1/S2 and BRSR: a) IFRS maintains a stricter assurance requirement for its disclosures, but BRSR has moved from "assurance" to "assessment" to reduce compliance obligations. b) Upstream and downstream partners that account for a sizable amount of purchases and sales are highlighted in value chain disclosures by BRSR. Value chain reporting is not necessary under IFRS, though. c) BRSR typically employs a more qualitative, narrative reporting approach that focusses on the actions that businesses are doing. In contrast, IFRS S2 is more prescriptive in character, requiring both quantitative and qualitative disclosures along with specific procedures for evaluating and reporting financial risks associated with climate change.

The following areas for improvement in BRSR were identified by the respondents - a) Assurance of Disclosures: BRSR could benefit from aligning more with the assurance practices in IFRS S1/S2 to ensure higher reliability of reported data. b) Clarity and Detail in Reporting: IFRS S1/S2 tends to require more granular data and detailed methodologies for assessing climate risks, which BRSR could more rigorously adopt.

The key challenges in aligning BRSR disclosures with IFRS S1/S2 were found as - a) Complexity of Standards - The differences in terminology and requirements between BRSR and IFRS can create confusion for organizations trying to comply with both. b) Capacity and Resources - Many organizations may lack the necessary resources or expertise to implement the more rigorous requirements of IFRS S1/S2 effectively. c) Organizations may face significant costs related to training, systems upgrades, and additional reporting requirements. d) Transitioning to new reporting frameworks could disrupt existing processes and require time for adjustment. Increased reporting

complexity for companies, Data Availability and Reliability particularly regarding climate risk quantification and value chain disclosures are other challenges.

5. Discussion

It is likely that SEBI will mandate such disclosures for Nifty 50 companies, and make assurance necessary for both financial and sustainability reports (Kishnadwala, 2025). The International Federation of Accountants (IFAC) has introduced a major update to sustainability audit standards with ISAE 5000, replacing the previous ISAE 3000 framework. Effective for reporting periods starting December 15, 2026, this new standard—endorsed by the International Organization of Securities Commissions (IOSCO)—is expected to be adopted by India's SEBI (a IOSCO member) for sustainability reports filed during 2026-2027. The ISAE 5000 standard stresses increased transparency, the application of professional skepticism, and a risk-based methodology. It is observed that current BRSRs have boilerplate statements (copy-and-paste methodology), lacking authenticity and originality. Implementation of ISAE 5000 as a mandatory requirement is projected to significantly improve the credibility and reliability of BRSR reports by enforcing strong assurance practices.

6. Implications

Harmonising IFRS S1/S2 with BRSR has significant implications for multiple stakeholders in India's sustainable business landscape. For SEBI, it means the need to further refine regulatory frameworks and assurance requirements to ensure that disclosures are both globally comparable and locally relevant, potentially simplifying compliance and reducing costs for listed entities. Listed companies will benefit from streamlined reporting processes and enhanced transparency, but will also face the challenge of investing in robust data systems and assurance mechanisms to meet the dual demands of financial and non-financial disclosures. Investors stand to gain

from improved access to reliable, comparable ESG data, enabling better-informed decisions and increased confidence in Indian capital markets. Global businesses operating in India will find it easier to align their Indian operations with international standards, facilitating cross-border transactions and access to sustainable finance. Assurance providers will see expanded roles as demand grows for independent verification of both BRSR and IFRS-aligned disclosures, driving the need for new expertise and methodologies. The convergence encourages a culture of accountability and long-term value creation among corporate boards. It also supports the integration of sustainability into core business strategies, making Indian firms more resilient to ESG risks and opportunities. However, smaller companies may face resource constraints in adapting to these heightened expectations. The harmonisation is likely to accelerate India's transition toward a sustainable economy while boosting its global competitiveness. Overall, this alignment fosters a more transparent, efficient, and investor-friendly reporting environment across India's corporate sector.

7. Conclusion

The alignment of India's BRSR framework with IFRS S1 and S2 represents a crucial step towards enhancing the quality and comparability of sustainability-related financial disclosures within the Indian capital market. This study has highlighted the significant benefits that such alignment can bring, including improved investor decision-making, enhanced corporate governance, and increased stakeholder trust. However, the successful implementation of this alignment necessitates addressing key challenges, such as the initial costs of data collection and the complexity of integrating new reporting requirements.

By systematically identifying the gaps between the existing BRSR framework and the IFRS standards, and by proposing necessary modifications, this

research provides a roadmap for SEBI and Indian companies to navigate this transition effectively. The adoption of IFRS S1 and S2 will not only strengthen India's position in the global sustainability reporting landscape but also contribute to a more transparent and sustainable financial ecosystem. Continued collaboration between regulatory bodies, companies, and investors is essential to ensure a smooth and successful implementation of these standards, ultimately fostering a more responsible and sustainable future.

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