

# B Corps in India: A Sustainable Business Model



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While writing this chapter we took part in a consultation process initiated by the Sustainability Reporting Standards Board (SRSB) of the Institute of Chartered Accountants of India (ICAI). We applied the part of this chapter to develop the Sustainability Reporting Maturity Model (SRMM) 1.0 The model is adapted and patented by the ICAI and the model became Mandatory for top 1000 companies in India from 2022 ([https://icai.org/new\\_post.html?post\\_id=17221](https://icai.org/new_post.html?post_id=17221)) . In the note we would like to add the above information and acknowledge SRSB, India and ICAI for their continuous support for the research

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# 1 Introduction

The business that considers society and ecology as an important stakeholder alongside their profit-making stakeholders are known as sustainable business (Jolink and Niesten 2015). Recently, the Business Roundtable<sup>1</sup> in the United States issued a statement, where chief executives of companies agreed, that for the sustainable development of a business, it needs to consider society and the environment, along with other stakeholders, in their corporate activities. In the recent consultation paper by the IFRS Foundation (September 2020), we discovered that business stakeholders are in urgent need of **sustainable reporting** that is consistent across countries and can be comparable in a simple manner. Such approach by business stakeholders indicates that companies are now focused on a multistakeholder approach for sustainable future of the business. But which business model sustainable entrepreneurs should follow to guarantee a sustainable business future is yet to be decided in the literature and practice. Studies on sustainable business are mainly focused on developed countries which highlight the importance of consideration of society in the business model by the profit-making business (Schaltegger 2002; Parrish 2010), but there is no concrete conclusion about the societal commitments required by business along with their profit objective, mainly in developing countries (Hiller 2013). In the last decade, we find the application of **B Corps** allow the business to combine environment and society as important stakeholders of the business (Hoffman et al. 2012). **B Lab** organization issue the B-Corps certificate as a third party and believe that their global movement will continuously generate good for all through the business activities. B Lab believes that sustainability is compatible with long-term prosperity. Because of the socio-economic objectives, we can find more than 3000 companies from 150 industries are now certified B Corps from 64 countries. As the B-Corps certification assess the societal impact of business along with shareholders profit on a continuous basis, thus, usually certified companies are considered as sustainable business by the stakeholders in the society. The process of the certification is expensive and the stakeholders expect higher contribution from these businesses on a regular basis. Thus, we observe inconclusive decision in the literature about the suitability of B Corps in developing market like India. Motivated by the above concerns, we are interested in conducting experiments to determine the feasibility of B Corps in the Indian context. In this paper, we propose a scoring tool that can be applied to the existing **Business Responsibility Reporting (BRR<sup>2</sup>)** and will allow to map the Indian model with the internationally accepted B Impact Assessment (BIA<sup>3</sup>), for a sustainable future of Indian business. The Committee on Business Responsibility Reporting (hereafter “Committee”) and its subcommittees conducted several meetings, from 2019 to February 2020, to make BRR clear,

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<sup>1</sup><https://www.businessroundtable.org> accessed on 30 September 2020

<sup>2</sup><https://www.sebi.gov.in/legal/circulars/nov-2015/format-for-business-responsibility-report-brr-30954.html> accessed on 20 June 2020

<sup>3</sup><https://bcorporation.net/about-b-lab> accessed on 15 July 2020

accurate, and complete and eventually proposed a revised and comprehensive format, known as the **Business Responsibility and Sustainability Report (BRSR)**. The revised BRSR motivates us to examine if our proposed scoring scale can be applied to the new format to make it easily comparable across companies and sectors, as envisaged by the Committee (5th Governing Principle, Report of the Committee on Business Responsibility Reporting, The Ministry of Corporate Affairs (MCA), GOI, 2020). The proposed scoring can also be applied to the proposed BRSR.<sup>4</sup>

By critically examining the existing literature, publicly available relevant documents and by better understanding the initiatives of the Indian government to adhere to the requirement of sustainability practices by business, we propose a scoring mechanism to support the initiative of the Sustainability Reporting Standards Board (SRSB). The proposed scoring mechanism will enhance the simplicity of assurance process of financial reporting, which will make the financial report comparable and compatible with the BIA. We introduce measurement scores for BRR, where we consider 109 items of the existing scale and after benchmarking with BIA, we identified 13 items and then aggregated to a maximum score of 200. The proposed B Corps will allow companies to follow the “**Triple bottom line**”<sup>5</sup> concept in business and will assist them to overcome the institutional complexity to consider a business model with profit and society motive together (Stubbs 2017) to generate sustainable value creating future. The B-Corps model will advance the literature discussing the importance of considering ecology and society with profit motive of business (Jolink and Niesten 2015) and will support the sustainability initiatives taken by the Indian government in line with the **Global Reporting Initiative (GRI)** and other leading world organizations (Haque and Ntim 2018).

## 1.1 Theoretical Framework

Following the Companies House ISO14001 System issued in 2002 and after understanding that business will encounter financial risk if not following nonfinancial stakeholders in operation (OECD 2019), legal recognition of nonfinancial activity reporting by business has been in the agenda of the researchers and policy makers. However, in the academic literature we cannot find any support from theory explaining how the legal approval form the B Corps can enhance the companies’ adaptability to the triple bottom concept. Thus, in this paper, we develop a theoretical framework that will support the amendments to the BRR system. It is hard to explain complex entrepreneurship activities with one theoretical model, which is

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<sup>4</sup>In our future research we will expand the mapping with BRSR, once the companies start following the new reporting requirements.

<sup>5</sup>Concept developed by John Elkington (<https://johnelkington.com>), and other Scholars accessed on 12 August 2020

also explained by the researchers explaining complex business models (Haque and Jones 2020). Following this argument, in this paper we propose two most relevant theories that, together can explain better the need of the proposed scoring mechanism following the B-Corps model. First, we introduce the **natural inventory model** (NIM) (Gaia and Jones 2017). The theory is widely used in literature to explain that when businesses are not responsible toward the nonprofit stakeholder of the society, then they face questions from other stakeholders about the reliability of the product and services of the company. Such pressure and neglect from the stakeholders affect the long-term financial performance of the company, which reduces its corporate social responsibility (CSR) rating (Samkin et al. 2014). Certification of a B Corps of Indian companies will make them comparable with international companies, which will increase interest in social impact investing. The scoring of BRR, will allow the B Corps to assess if the companies are able to reach optimum natural inventory and the scoring mechanism will enhance BRR ease of use and thereby, assist the companies in self-evaluation, reducing the time required in B-Corps certification. However, the B-Corps certification will allow many companies from different countries to trade in the newly proposed Social Stock Exchange, which in turn will support the Indian economy to grow after taking care of the environment and the society. Thus, we expect that by applying NIM, the business can produce necessary information about the natural inventory to the B Corps. Second, we use the **actor-network theory** (ANT) as a supplement to NIM. According to ANT, there should not be any distinction between human and nonhuman elements while considering them in business activities (Barter and Bebbington 2013). The theory proposes to “clear the state of nature-culture dualism” (Ivakhiv 2002, p. 391) which will allow the business to mingle the nonfinancial aspects with their financial activities (Steen et al. 2006). By applying the ANT, business can understand how to link their activities with societal aspects (Lee and Hassard 1999; Lowe 2001), which will expedite the B-Corps certification in India. The theoretical framework also captures the relevant non human connections that are made continuously (Steen et al. 2006, p. 207), which allows business to adopt a new practice or a system (Whittle and Mueller 2008, 2010). In summary, we propose that by applying NIM and ANT together, the Indian business can understand better about how to consider nature in business and how to maintain natural inventory to maintain their financial activities to get certification from the innovative B Corps for a financially viable and sustainable future.

The findings of the study will contribute to the academic literature on CSR, B Corps, **corporate governance**, and sustainability reporting, especially in the context of developing countries, like India. The comprehensive theoretical model will provide a comprehensive sustainable framework for businesses and scholars to apply in future studies. In practice, the study will allow decision-makers to have a better understanding of the importance of B Corps.

The paper is organized as follows: in the following section, we discuss the evolution of B Corps around the world and the legal requirements in India for a sustainable business. In section 4, we outline the differences in practices followed by B Corps using **B-Impact Assessment** with the present mandatory regulatory

framework of BRR in India. In the last two sections we discuss the current position of India regarding the B Corps and we propose how sustainability reporting framework of India can be modified to scale up following the international standardization model used by the B Corps.

## 2 Evolution of B Corps

The transformation in the corporate landscape with companies changing from a traditional commercial entity striving to maximize profits to responsible business units with a concern for social causes gave way for B Labs, a nonprofit organization in the United States to institutionalize social and environmental certification of newly evolving business. Conventional **profit-driven companies** are taking extensive efforts to be identified as “green” and “good” business with social inclination. B Labs certify these for-profit companies involved in social and environmental cause as “certified B-Corps,” where “B” denotes companies working for the benefit of the society. The certificate endorses sustainable commitment of the business toward its stakeholders (Kim et al. 2016, Delmas and Grant 2014). It demonstrates that a company is following a fundamentally responsible governance philosophy than a traditional shareholder-centered approach. It is worth mentioning here that this is just a third-party certification for social enterprises and is voluntary in nature, without any legal implications. In order to have a far-reaching bearing of this philosophy, that is operating under the hybrid model including commercial interests along with social goals, it is imperative that countries should adopt this in their statutory framework (Hiller 2013). Only then will companies be obligated to pursue sustainable business practices with a concern for all **stakeholders**.

A mounting number of jurisdictions attempt to meet this demand by allowing new hybrid organizational forms in their countries (Reiser 2011). For example, in the United Kingdom (UK), there are **community interest companies** (CIC), which are for-profit companies set up for the benefit of the community, as defined by the Companies (Audit, Investigations and Community Enterprise) Act 2004 (community companies, UK). On the other hand, in the United States, Vermont was the first state to initiate L3C companies (**low limited liability companies**), which bridge the gap between nonprofit and for-profit businesses and facilitate investments in socially beneficial for-profit companies. Further, in 2010, **benefit corporations** were introduced in the United States as for-profit business entities that, while having profit as their legally defined goal, have a positive impact on society, workers, the community, and the environment (Alpern 2015<sup>6</sup>). Benefit corporations expand the principles of CSR by focusing on society and environment along with maximizing profits for shareholders with legal protections to management (André 2012). Beginning

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<sup>6</sup><https://www.cleanyield.com/when-b-corp-met-wall-street/> accessed on 2 September 2020

with Maryland in 2010, today there are nearly 36 US states where provisions on benefit corporations are legally enforceable (Reiser 2011).

B-Corp certified companies have now made a global presence in more than 64 countries, with around 3000 companies under its umbrella. Many other countries responded to this changing dynamics and formulated laws to enforce norms on the lines of benefit corporations. For example, in Italy, **societa benefit corporations** were introduced in 2016 to pursue economic activities with the aim of distributing profits and doing common benefit work by operating in a responsible, sustainable, and transparent manner (Societa benefit, 2016). Such benefit corporations are evaluated on the basis of transparency in corporate governance; relationship with workers, suppliers, and the community; and environmental conservation. However, in Switzerland, there have been two unsuccessful attempts to move toward creating a new legal form for benefit corporations or, at least, encouraging this movement (<https://bcorporation.eu/about-b-lab/country-partner/switzerland>). The evidence discussed here is mostly related to developed countries. But there is a lack of study about the suitability of application of B-Corps in emerging markets as a **sustainable business model**.<sup>7</sup> Thus, we conduct an exploratory study on Indian B Corps. Our objective is to identify suitable amendments to the existing B-Corp model for Indian companies. In the following section, we discuss the existing legal requirements related to sustainable business in India and proposed the amendments required in the existing BRR model that can enhance the comparability of sustainable activities of Indian companies with their international peers.

### 3 Legal Framework for the Sustainable Business Model in India

From the above discussion, we find that, B-Corps model can generate profit for the business and can also positively impact the society and environment, which allows the business to positively address the needs of the non-profit stakeholders. In this case-study related to India, we first highlight on the existing policy that aims for a sustainable business model and then identify how the proposed B-Corps can assist businesses to be comparable with other sustainable businesses across the countries. Though, benefit corporations do not have a separate identifiable legal existence in India, yet under Companies Act, 2013, a social enterprise can be set up as any of the five formalized incorporation structures like as a sole proprietorship, limited liability partnership, partnership, private limited, or public limited company. Formalizing the existence of the enterprise is quite necessary for any kind of fund-raising activity and market credibility of a business. At the same time, **social enterprises** may also face a dilemma when it comes to balancing their financial and social goals. Another option

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<sup>7</sup> See the Report of the Committee on Business Responsibility Reporting, MCA, GOI, 2020 for legal initiatives in Denmark, China, South Africa, Malaysia and Philippines

under the Act is to set up under section 8 as not for profit or nonprofit institution or as a charitable public trust or a charitable society. Such organization get respect and legitimacy as an entity dedicated to a noble and selfless social service but lack financial support and talent. This further accentuates the need for a **hybrid organization** aligned with the concept of benefit corporations that provide separate legal identity to for-profit making social enterprises. The government responded to this emergent need by setting up a high-level committee for corporate social responsibility under the Ministry of Company Affairs (MCA). In August 2019, the recommendation of the committee entails creating **social impact companies**, having hybrid features of social welfare and profit making.

There are other legal provisions that focus on ensuring that responsible business is conducted by companies in India. The new Company's Act of 2013 proposes section 135, a landmark provision for mandatory corporate social responsibility (CSR) spending to nudge businesses to be more responsible and mindful toward the stakeholders. Essentially, every listed company having a net worth of rupees 500 crores or more, or turnover of rupees 1000 crores or more or a net profit of rupees 5 crores or more during any financial year shall need to spend 2% of the net profits on CSR activities and constitute a **CSR Committee** for monitoring CSR policy and spending. The section initially mandated companies to "comply or explain," wherein directors are required to submit the reasons for not spending for nonprofit activities. In a recent amendment in 2019, companies need to additionally deposit the unspent amount in a separate account, which if unused by the company in the next three years, will be transferred to the regulatory fund created under the Act. Further, section 166 of the Act states that directors have the **fiduciary duty** to work for the benefit of the company and promote the interest of their employees, the community, and the environment.

In 2009, the MCA issued "Voluntary Guidelines on Corporate Social Responsibility," which in 2011 were revised and became **National Voluntary Guidelines (NVG)** on Social, Environmental and Economic Responsibilities of Business. Also in 2011, the United Nations issued Guiding Principles (UNGP) on Business and Human Rights to make business more sustainable and make companies more responsible to society and the environment. India responded to the changing international standards in 2012 when the Securities and Exchange Board of India (SEBI) introduced BRR disclosures, which are based on UNGP principles and sustainable development goals (SDGs). The primary focus of BRR is to make business more responsible toward stakeholders beyond regulatory financial compliance. It addresses environmental, social, and governance perspectives based on NVG principles. More importantly, BRR is also aligned with nonfinancial reporting performance as per the GRI, SEBI circular dated 6 February 2017, and Integrated Reporting (IR). Initially, BRR reporting was compulsory for top 100 listed companies, but the requirement was extended to cover the top 500 companies in 2015 and further to the top 1000 companies in 2019. As decided before, the Committee collected evidence from the companies using BRR and extensively consulted with stakeholders to propose a new format known as BRSR.

Even after these excellent initiatives taken by the Indian government, current business models need to be comparable to facilitate the assurance of the annual reports of the companies and to allow the country to reach the **UN sustainable goals**. Indian national development agenda is well aligned with the UN sustainable development goals<sup>8</sup> and we expect, the proposed BRSR will allow India to be a leader in the sustainable goal achievement race. However, to expedite the process of attaining sustainable goals, it is important to minimize the differences between BIA (which is a legitimate requirement), the BRR (which is mandatory for only top 1000 companies). This will allow businesses to generate a greater impact on society and the environment through their activities. It is always better to have a comprehensive theoretical model to explain the need for a sustainable model of business. As explained before, the ANT and NIM together, will provide a comprehensive framework about the importance of B-Corps for the Indian business to follow.

#### **4 Comparability of the Indian BRR with the B Impact Assessment (BIA)**

The “**CSR movement**” led to the the birth of many rating agencies focusing on assurance, certification, developing socially responsible principles for the corporate etc. (Scalet and Kelly 2010). The primary purpose of these rating agencies was to measure the environmental and social impact of companys’ CSR activities, which are widely used by stakeholders of the business in assessing the sustainable nature of the company. In the previous decade, BIA gained extensive popularity as a reliable sustainable rating scale for certified B Corps in different countries across the world. The scale measures the impact of performance of companies for environment, communities, customers, suppliers, employees and shareholders.

In this study, we compare BIA, a globally acceptable scoring scale of sustainable performance with BRR, a reporting structure of business responsibility used by Indian companies. BRR enlists the parameters of sustainable reporting, while BIA includes the scoring framework along with the reporting. Scoring of the BRR can improve the comparability of the sustainability nature of Indian business with the BIA rating system to derive advantages of B Corps for Indian companies. In Table 1, we compare BIA and BRR based on their applicability, enforcing organization, nature, scope of assessment, and purpose. From the comparison below, we can observe that BRR possesses a more detailed scope of assessment compared to BIA. As BIA is calculated as a score, it can be applied by any business. But BRR is not a scoring system, and so we find that the assurance mechanism is quite complicated. Also, BRR is mandatory for only the top 1000 listed companies, which, therefore, limits the applicability of the system. Removal of restrictions of

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<sup>8</sup>Brief description of India’s “whole-of-society” approach (<https://sustainabledevelopment.un.org/memberstates/india>) accessed on 25 July 2020



**Table 1** Comparing BIA and BRR

	BIA	BRR
Applicability	Global—any business can apply for B-Corp Certification	Mandatory for top 1000 listed companies in India
Enforcing organisation	B Lab, non-profit private organisation in USA	Securities Exchange Board of India (SEBI), apex regulatory body of India
Nature	Voluntary	Mandatory
Scope of assessment	5 impact areas: <ul style="list-style-type: none"> <li>• Governance</li> <li>• Workers</li> <li>• Community</li> <li>• Environment</li> <li>• Customers</li> </ul>	9 principles: <ul style="list-style-type: none"> <li>P1: Governance</li> <li>P2: Sustainability</li> <li>P3: Employee well-being</li> <li>P4: Stakeholders</li> <li>P5: Human rights</li> <li>P6: Environment</li> <li>P7: Policy making</li> <li>P8: Inclusive growth</li> <li>P9: Consumers</li> </ul>
Purpose	Calculate Impact score to get/renew B-Corp certification	Disclosure in Annual Report

Source: Authors’ calculation

participation by private and non-profit organization can also add large scale applicability of the BRR in India.

Further, keeping BIA as the reference instrument, the impact areas are listed and corresponding principles of BRR are mapped. It is important to mention here that more than 80% of the items under BIA are already covered by BRR. However, this relative assessment highlights certain key items which are unaddressed in BRR. Based on the comparison presented in Table 2, we conclude that there are areas of improvement in the existing BRR that can enhance the participation of more companies in environmental and social activities in India.

After comparing BIA and BRR, we conducted a mapping exercise on the two to enhance our understanding of the limitation of the existing BRR system. As discussed previously, BIA is widely used by companies globally, which allows them to apply for B-Corp certification. The differences in BRR and BIA make it difficult for domestic and foreign companies to report on their sustainability activities to wider stakeholders and it is problematic for the Indian companies to be compared with global companies on sustainability parameters. In Table 2, we present the mapping of BIA impact with BRR principles. After mapping the impact areas (governance, worker, community, environment, and customers) with the BRR principles we find that inclusion of certain items can enhance the depth and breadth of the existing BRR system. In the following section, we address the gaps in the existing BRR and propose a revised BRR scale that will influence the logic of any business in India and can allow them to converge to the internationally comparable B-Corps certification.

**Table 2** Mapping BIA impact areas with BRR principles

	Impact areas	BIA	BRR principles	Indicators
<i>1. Governance</i>				
1.1	Mission and Engagement	Includes identification, commitment, performance, material assessment and stakeholders' feedback of social and environmental issues		<i>Not covered by the BRR indicators</i>
1.2	Ethics and Transparency	Board of Directors, Code of Ethics, anti-bribery, corruption, disclosure of political contributions, breaches	P1	Policy relating to ethics, bribery and corruption
		Audit by an internationally accredited Certified Public Accountant (CPA)		<i>Not covered by the BRR indicators</i>
		Risk Assessment, Internal Control, Financial Control	P1	Truthfully discharge responsibility on financial and other mandatory disclosures
		Public Availability of financial social and environment performance reports	Section D	Publish a BR or a Sustainability Report
1.3	Governance Metrics	Revenues, net income, payment to government	Section B	Turnover and net income
<i>2. Worker</i>				
2.1	Workers Impact Area	Full time, Part time, contract, Salaried, Hourly, Temporary	P3	Total number of employees; employees hired on temporary/contractual/casual basis.
2.2	Financial Security	Lowest wages, Individual/family living wages, minimum wages, incentives, compensation policy, employee participation, retirement	P3	Ensure timely payment of fair living wages to meet basic needs and economic security of the employees
2.3	Health, Wellness, and Safety	Health care coverage, health benefits, health and safety programs, hazardous material, air quality	P3	Provide a workplace environment that is safe, hygienic humane, and which upholds the dignity of the employees
2.4	Career Development	employed on payroll, professional development, promotions, intern hiring	P3	Promote employee morale and career development through enlightened human resource interventions.

(continued)

**Table 2** (continued)

	Impact areas	BIA	BRR principles	Indicators
2.5	Engagement and Satisfaction	Employee handbook, non-discrimination policy, supplementary benefits, worker empowerment, worker management conflict, labour rights, training	P3	Employee association: complaints relating to child labour, forced labour, involuntary labour, sexual harassment; safety and skill upgradation training; work-life balance, especially that of women; not use child labour; Equal opportunities; No discrimination; Grievance Redressal
<i>3. Community</i>				
3.1	Community Impact Area	Specific positive benefit for stakeholders such as charitable partners, vendors or suppliers in need, or your local community	P4, P8	Special initiatives to engage with disadvantaged, vulnerable and marginalized stakeholders; efforts to complement and support development priorities at local and national levels
3.2	Diversity, Equity, and Inclusion	Inclusive Hiring, Diverse ownership and leadership, managing workplace diversity, high-low pay ratio, females/other social groups in management, supplier diversity	P3	Number of permanent women employees; Number of permanent employees with disabilities.
3.3	Economic Impact	Geographic location and scope, job added, local purchasing, suppliers, national sourcing, in country management	P2	Procure goods and services from local and small producers
3.4	Civic Engagement and Giving	Charitable, community investment, stakeholder involvement in social and environment cause	P8	Initiatives for inclusive growth through in-house team/own foundation/external NGO/government structures/any other for community development
3.5	Supply Chain Management	Supplier description, risk assessment, outsourced staff—facilities to such staff		<i>Not covered by the BRR indicators</i>
		Code of conduct for suppliers for social and environmental performance	P1	Policy on ethics, bribery and corruption extend to the Suppliers/Contractors/NGOs/Others
		Evaluate social and environmental impact of suppliers and original producers		<i>Not covered by the BRR indicators</i>

(continued)

**Table 2** (continued)

	Impact areas	BIA	BRR principles	Indicators
		Report on supply chain Impact, Policy to improve	P2	Reduction during sourcing/ production/distribution achieved throughout the value chain
		Average tenure of supplier		<i>Not covered by the BRR indicators</i>
		How small suppliers are supported	P2	Procurement from from local and small producers
		% suppliers having social env certification		<i>Not covered by the BRR indicators</i>
<b>4. Environment</b>				
4.1	Facility Environmental Efficiency	Environment Efficiency Practices in office and factory	P6	Initiatives to address global environmental issues such as climate change, global warming; assess potential environmental risks
4.2	Environmental Management	Environmental management system (EMS) covering waste generation, energy usage, water usage, and carbon emissions	P6	Environment Management Systems (EMS) and contingency plans and processes to prevent, mitigate and control environmental damages
		% of product and processes having environment certification	P2	Manufacturing processes and technologies are resource efficient and sustainable
		Environment consideration in design of product and services	P2	products or services design incorporate social or environmental concerns, risks, opportunities.
		Environment footprint assessment—own and for value chain	P2	Assure safety and optimal resource use over the life-cycle of the product, connect with value chain
		Practices to manage and minimise impact	P6	Clean technology, energy efficiency initiatives
		Practices to improve product longevity, reduce waste and landfill		<i>Not covered by the BRR indicators</i>
4.3	Air and Climate	Monitor, record, or report its energy usage	P2	Resource use (energy, water, raw material etc.)
		Energy from renewable resources	P6	Initiatives on—renewable energy,
		Energy efficient equipment purchased		<i>Not covered by the BRR indicators</i>

(continued)

**Table 2** (continued)

	Impact areas	BIA	BRR principles	Indicators
		Energy Saved	P2	Reduction during usage (energy, water)
		manage its greenhouse gas emissions	P6	Measures to check and prevent pollution.
		monitor and manage your significant air emissions	P6	Emissions/Waste generated by the company within the permissible limits
		Carbon intensity, offset, GHG emissions, reduce emissions from transportation		<i>Not covered by the BRR indicators</i>
		Practices to reduce the greenhouse gas emissions produced through supply chain	P6	Proactively persuade and support its value chain to adopt environment protection
		Sourcing Raw Material from local suppliers	P2	Procedure for sustainable sourcing (including transportation) from local and small producers
		Purchase of Carbon credits		<i>Not covered by the BRR indicators</i>
4.4	Water	Monitor, record, or report its water usage, conservation and recycling	P2	Product, provide the following details in respect of resource use (energy, water, raw material etc.
		Monitors hazardous and toxic wastewater		<i>Not covered by the BRR indicators</i>
		Water footprint of your supply chain		<i>Not covered by the BRR indicators</i>
4.5	Land and Life	Manage your waste production		<i>Not covered by the BRR indicators</i>
		Non-Hazardous waste produced, disposed and recycled	P2	mechanism to recycle products and waste
		Environmental impact of packaging—recyclable material		<i>Not covered by the BRR indicators</i>
		Assessment of local communities' exposure to hazardous emissions		<i>Not covered by the BRR indicators</i>
		Input Material—Recycles/reuse/sustainable sources	P2	promote sustainable consumption, including recycling of resources.
		% end of life waste reclaimed		<i>Not covered by the BRR indicators</i>
		Reduce waste landfill after usage		<i>Not covered by the BRR indicators</i>

(continued)

**Table 2** (continued)

	Impact areas	BIA	BRR principles	Indicators
		Manage/dispose/use Hazardous Waste		<i>Not covered by the BRR indicators</i>
		Reduce Hazardous Waste in supply chain		<i>Not covered by the BRR indicators</i>
		Policy to reduce supply chain's impact on natural habitat and biodiversity	P7	Advocate policies on Energy security, Water, Food Security, Sustainable Business Principles
<i>5. Customers</i>				
5.1	Customer Impact Area	Product/service address a social or economic problem for customers	P9	Wellbeing of consumers; Freedom of choice; free competition; Consumer Education
5.2	Customer Stewardship	Manage the impact and value created for your customers	P9	Carry out any consumer survey/consumer satisfaction trends
		Managing the potential impact their products have on customers	P2	Details of contents, composition and promotion of safe usage and disposal
			P9	Display product information on the product label, over and above what is mandated as per local laws

Source: Authors' calculation

After completion of mapping between BIA and BRR, we studied the proposed BRSR to examine if the revised format is comparable with the BIA, which can ease the application of B Corps. We find that the BRSR is highly comprehensive and is well aligned with the SDGs. Our research supports the findings of the IICA, which mentioned that companies are comfortable with the SEBI-BRR disclosures, but BRSR will provide comprehensive information from the companies. The minor modification of principle-wise performance of BRR is reflected in BRSR. Thus, the additional questions in proposed BRSR will allow the stakeholders to assess the responsibility of the business, however, we believe that the introduction of **scoring scale** in the BRSR will allow business to provide measurable evidence of their sustainable activities which will attract investors' interest towards the company and will also generate higher confidence among customers and other stakeholders. Adding the B-Corps scoring tool in the proposed sustainability reporting standards (BRSR) will expand the opportunities of international collaboration for Indian business and will result in a higher cooperation and coordination with international sustainability reporting bodies, other governments, regulators and various stakeholders. Consistency with international B-Corps scoring will increase interconnectedness between financial reporting and sustainability reporting of Indian business.

## 5 How the Scoring Tool Could Enhance the Comparability of BRR and BRSR with BIA

As stated earlier, there are five impact assessment areas in BIA which are mapped with the corresponding principles in BRR. After careful consideration of the BIA and BRR, we identify the following points of differences and discuss them for each impact area. For **governance**: BIA has wider coverage including assessment of social and environmental performance, and stakeholders' feedback for the same. For **workers**: it is mapped with principle three (employees) of BRR. Though most of the parameters are covered, yet "facilities provided and programs offered" can be added to make it more inclusive. For **community**: it maps well with principle four (stakeholders), principle seven (community) and principle eight (inclusive growth) of BRR. In fact, BRR also covers human rights under principle five, which is partly addressed in BIA. For **environment**: though most of the parameters of BIA are covered under principle two (sustainability) and principle six (environment) of BRR, yet there is a gap in reporting carbon intensity and emissions which needs to be handled. For **consumers**: this is completely mapped with principle nine (consumers). To sum up, in order to align BRR with standardized international scale BIA, the gaps identified are proposed to be included in the revised BRR framework. Annexure 1 documents the complete BRR score with part 1 providing the scale of the existing framework and part 2 of the proposed parameters. The summative score of the nine principles of BRR totals up to a maximum possible score of 200, including 163 scores for the existing parameters and 37 scores for the proposed parameters. In the next step, we compare our proposed BRR with MCA's proposed BRSR. From this comparison, it was found that the main objective of the proposed BRSR is to align the company's sustainable business model with the SDGs. Less focus is placed on the comparison with the BIA. Though some of the concerns raised in our analysis are addressed in the BRSR but our objective to make the Indian model highly comparable with the international model is still important to discuss. We recommend that the proposed scoring mechanism converts **qualitative information** to measurable and machine-readable **quantitative data**. After completing the scoring for BRR, we apply the same mechanism to score the first two sections of BRSR. The total score of sections A and B of the proposed BRSR is 48. We report the example of the part scoring of BRSR in Annexure 2.

Based on Annexure 1, we conclude that the scoring of these nine revised principles will allow Indian companies of various sizes to apply for B-Corp certification. The proposed scoring of BRSR will allow rating agencies to compare the sustainable nature of Indian companies with international companies. Overall, we expect that the higher applicability of B Corps in India will make the companies more socially responsible, which will also allow them to generate financial benefits from their sustainable activities in the long run and contribute to the development of the economy.

It is agreed in the academic literature that because of the various criteria used by rating agencies and the lack of uniformity in CSR standards, it is impossible to

determine poor- and good- performing companies (Chatterji and Levine 2006). But to benefit the stakeholders in better understanding the environment and social impact of the business activities, the International Organization for Standardization (ISO) implemented several changes over decades (for example, ISO 26000). From the above initiatives it is evident that even though there is no one standard that can allow any stakeholder of business to compare companies based on their social responsibility, but rating mechanism is widely used across countries. Thus, we propose that in India we should aim to introduce a **mandatory CSR rating**, which can be applied by all companies and every business can be compared with international companies on sustainable parameters. Such a detailed and comprehensive rating tool, like BIA, can encourage the B-Corp certification of private and nonprofit organizations in India. Higher applicability of the proposed BRR or revised BRSR will allow companies to generate a greater impact on the environment and society, which in turn will assist India in achieving the SDGs faster.

In addition, we find that the proposed model in this paper is well supported by the theoretical framework, which is comprised of NIM and ANT. If the companies can treat financial and **nonfinancial aspects** of their business with the same importance in detail (applying ANT), then the company will generate trust among people in the society about their products. If stakeholders discover that their products are not only allowing the business to generate profit but that they are also good for society and the environment, there will be more demand for such products. Higher demand for company products will allow the business to grow and they can generate higher profit by reducing the cost of debt etc. which will allow the business to continuously improve its sustainability score. Though, companies with B Corps are in limelight, but if they keep improving their score by investing in activities beneficial for society, then the business will experience less negative pressure from the stakeholders (by using NIM) and there will be more comparability with international companies. These theories together can explain the motivation for logical change in the business model to the stakeholders and by adopting B Corps, companies will generate profit through a sustainable model for the future.

## 6 Conclusion

In this paper, we compare the existing BRR and proposed BRSR in India with BIA and propose certain modifications to the existing BRR system. The motivation of the study is to address one major concern, which is the sustainability attitude of the companies. Even after several legal and voluntary changes, India is still lagging behind other countries when it comes to B-Corp certification. We argue that lack of **comparability** of the company reporting, and nonexistence of rigorous rating can be one major reasons of less B Corps. With support from existing literature, we argue that more B Corps can generate higher confidence about the business activities among the stakeholders, which in turn will enhance the financial position of the company. In summary, higher socially responsible business will create impact on



environment and society along with contributing to the economic development by strengthening the financial future of the business.

The detail discussion of the BRR, proposed BRR scale and BRSR in this study, will enrich the academic literature on CSR in developing countries, sustainability, corporate finance, corporate governance, and other related fields. The proposed model will give a clear guideline to the regulators and policymakers about the limitation of the existing BRR for each of the principles and they can modify the proposed BRSR format to make Indian companies highly comparable with foreign companies. The findings of this study can be applied to other countries with a similar setup. During the coronavirus crisis, almost all companies around the world are affected at various levels. The policy makers around the world are asking for higher contribution by the business for the environment and society. The urgency of sustainable business practices by companies was already in place before the coronavirus crisis. For example, in 2019, the Global Assessment of the Intergovernmental Platform on Biodiversity and Ecosystem Services (IPBES), mentioned the danger of loss in biodiversity and thus the UN Convention on Biological Diversity (CBD) actively advise business to start practicing sustainable biodiversity in business model. Europe declared the goal of a “Climate neutral Europe 2050.” Some experts say that the unsustainable activity by business is one of the reasons for the Covid-19 (Moore 2020). In summary, the proposed model with scoring of impact areas will allow Indian companies to assist the country to achieve the SDGs and the same model can be applied by other countries for the benefit of the society. The comprehensive theoretical model will be beneficial for researchers in identifying the gaps in the existing sustainable reporting models in their country.

Like any other study, this study suffers from certain limitations. A more detailed comparison of the existing systems in other countries can enhance the applicability of the proposed model. Separate consideration of sensitive industry can be interesting aspect to check. In future, we plan to expand the study by conducting detail model for each industry. In addition, to make the scoring system feasible, we will map the proposed BRSR with BIA in detail to introduce a traffic light system.

## Annexure 1: BRR Framework with Scoring Scale

Part 1: Scoring of the existing BRR framework		
	Parameters and indicators of BRR	Scoring
<b>Section A: General information about the company</b>		
<b>Section B: Financial details of the company</b>		
B:4	Total Spending on CSR as percentage of PAT (%)	3 for >2%; 2 for 1–2%; 1 for < 1%; 0 for not reporting
B:5	List of activities in which expenditure in 4 above has been incurred	3 for covering >5 activities listed in schedule VII of Company Act; 2 for 3–5 activities; 1 for 1–2 activities; 0 for not reporting
<b>Section C: Other details</b>		
C:2	Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiaries?	2 for all subsidiaries; 1 for not all subsidiaries; 0 for not reporting
C:3	Do any other entity/entities (e.g., suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities?	3 for >60%; 2 for 30–60%; 1 for < 30%; 0 for not reporting
<b>Section D: Directors information</b>		
D:2	Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company.	3 for Within 3 months; 2 for 3–6 months; 1 for Annually; 0 for More than 1 year
D:3	Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?	3 for publishing every year; 2 for every two years; 1 for more than 2 years; 0 for not published
	Total Score for General Information (A to D)	Seventeen [17]
<b>Section E: Principle-wise performance</b>		
<i>Principle 1: Governance</i>		
E:1:1	Does the policy relating to ethics, bribery and corruption exist	1 for Yes; 0 for No
E:1:1	Applies to the company/Extends to Group/Joint Ventures/Suppliers/Contractors/NGOs/Others	3 for more than 3 Stakeholders; 2 for any Stakeholder; 1 for Company only
E:1:2	Number of Stakeholder complaints [Received]	1 for Reported; 0 for Not Reported
E:1:2	Number of Stakeholder complaints [Resolved]	1 for Reported; 0 for Not Reported
E:1:2	Details	3 for ensuring ethical conduct at all levels and across its value chains; 2 for all levels in the company; 1 for only at senior Management levels; 0 for Not Reporting

(continued)

Part 1: Scoring of the existing BRR framework		
	Parameters and indicators of BRR	Scaling
<b>E1</b>	<b>Principle 1—Total</b>	<b>Nine [9]</b>
<i>Principle 2: Sustainability</i>		
E:2:1	Name 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities	3 for providing details of resource use of all 3 products or services incorporating social or environmental concerns; 2 for 2 products and 1 for 1 product; 0 for not reporting
E:2:2	For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product	
E:2:2	Is there a reduction in respect of resource use (energy, water, raw material etc.)? (Yes/No) Details	1 for Yes; 0 for No 3 for >20% Reduction; 2 for 10–20% reduction; 1 for < 10%; 0 for Not Reporting
E.2.3	Does the Company have procedures in place for sustainable sourcing (including transportation)? (Yes/No)	1 for Yes; 0 for No
E.2.3	If yes, what percentage of your inputs was sourced sustainably?	3 for more than 60%; 2 for 30–60%; 1 for <30%; 0 for Not Reporting
E.2.3	Details	3 for all inputs sourced sustainably; 2 for all raw material sourced sustainably; 1 for some inputs sourced sustainably; 0 for Not Reporting
E.2.4	Procure goods and services from local and small producers (Yes/No)	1 for Yes; 0 for No
E.2.4	What steps have been taken to improve their capacity and capability of local and small vendors?	3 for more than 5 initiatives taken; 2 for 3–5 initiatives; 1 for 1–2 initiative; 0 for Not Reporting
E.2.5	Mechanism to recycle products and waste (Yes/No)	1 for Yes; 0 for No
E.2.5	Percentage	3 for more than 60%; 2 for 30–60%; 1 for <30%; 0 for Not Reporting
E.2.5	Details	3 for promoting sustainable consumption, including recycling of all product and waste; 2 for recycling of some product and waste; 1 for only recycling of waste; 0 for not reporting
<b>E2</b>	<b>Principle 2—Total</b>	<b>Twenty-Two [25]</b>
<i>Principle 3: Employees</i>		
E.3.1	Please indicate the Total Number of Employees	1 for Reported; 0 for Not Reported
E.3.2	Employees hired on temporary/contractual/casual basis	1 for Reported; 0 for Not Reported
E.3.3	Number of permanent women employees	1 for Reported; 0 for Not Reported
E.3.4	Number of permanent employees with disabilities	1 for Reported; 0 for Not Reported

(continued)

Part 1: Scoring of the existing BRR framework		
	Parameters and indicators of BRR	Scaling
E.3.5	Employee association that is recognized by management	1 for Yes; 0 for No
E.3.6	What percentage of your permanent employees are members of this recognized employee association?	3 for more than 60%; 2 for 30–60%; 1 for <30%; 0 for Not Reporting
E.3.7	Child labour/forced labour/involuntary labour [Received]	1 for Reported; 0 for Not Reported
E.3.7	Child labour/forced labour/involuntary labour [Pending]	1 for Reported; 0 for Not Reported
E.3.7	Sexual harassment [Received]	1 for Reported; 0 for Not Reported
E.3.7	Sexual harassment [Pending]	1 for Reported; 0 for Not Reported
E.3.7	Discriminatory employment [Received]	1 for Reported; 0 for Not Reported
E.3.7	Discriminatory employment [Pending]	1 for Reported; 0 for Not Reported
E.3.8	Permanent Employees (%)	1 for Reported; 0 for Not Reported
E.3.8	Permanent Women Employees (%)	1 for Reported; 0 for Not Reported
E.3.8	Casual/Temporary/Contractual Employees (%)	1 for Reported; 0 for Not Reported
E.3.8	Employees with Disabilities (%)	1 for Reported; 0 for Not Reported
E.3.8	Training details	3 for ensuring continuous skill and competence upgrading of all permanent, casual, and disabled employees; 2 for permanent and casual; 1 for only permanent; 0 for Not Reporting
E.3.8	Does the company have an Internal Complaints Committee (Yes/NO)	1 for Yes; 0 for No
<b>E3</b>	<b>Principle 3—Total</b>	<b>Twenty-Two [22]</b>
<i>Principle 4: Stakeholders</i>		
E.4.1	Has the company mapped its internal and external stakeholders? Yes/No	1 for Yes; 0 for No
E.4.1	Details	3 for being responsible and transparent about the impact of their policies, decisions, product and services and associated operations on all stakeholders; 2 for only internal stakeholders; 1 for only shareholders; 0 for Not Reporting
E.4.2	Out of the above, has the company identified the disadvantaged, vulnerable and marginalized stakeholders? (Yes/No)	1 for Yes; 0 for No
E.4.3	Special initiatives (Yes/No)	1 for Yes; 0 for No
E.4.3	Details	3 for more than 3 initiatives taken for disadvantaged, vulnerable and marginalized stakeholders; 2 for 2–3 initiatives; 1 for some initiatives; 0 for Not Reporting

(continued)

Part 1: Scoring of the existing BRR framework		
	Parameters and indicators of BRR	Scaling
<b>E4</b>	<b>Principle 4—Total</b>	<b>Nine [09]</b>
<i>Principle 5: Human capital</i>		
E.5.1.	Does the policy of the company on human rights cover only the company (Yes/No)	0 for Yes; 1 for No
E.5.1.	Extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others (Yes/No)	1 for Yes; 0 for No
E.5.1.	Details	3 for integrating respect for human rights in management systems, assessing and managing human rights impacts of operations, and ensuring all individuals impacted by operations have access to grievance mechanisms; 2 for employees, suppliers and customers have access; 1 for only employees; 0 for Not Reporting
E.5.2.	Stakeholder complaints [Received]	1 for Reported; 0 for Not Reported
E.5.2.	Stakeholder complaints [Resolved]	3 for Resolving more than 90% complaints; 2 for 70–90% and 1 for < 70%; 0 for Not Reported
<b>E5</b>	<b>Principle 5—Total</b>	<b>Nine [09]</b>
<i>Principle 6: Environment</i>		
E.6.1.	Environment Policy covers only the company	3 for more than 3 Stakeholders; 2 for any Stakeholder; 1 for Company
E.6.1.	Extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others	
E.6.1.	Details	3 for developing Environment Management Systems (EMS) and contingency plans and processes for preventing, mitigating, and controlling environmental damages and extend to value chain; 2 for EMS in all operations of the company; 1 for EMS in some of operations; 0 for Not Reporting
E.6.2.	Does the company have strategies/initiatives to address global environmental issues such as climate change, global warming, etc? Yes/No	1 for Yes; 0 for No
E.6.2.	If Yes, Details	3 for more than 5 initiatives taken for addressing global environmental issues; 2 for 3–5 initiatives; 1 for 1–2 initiatives; 0 for Not Reporting
E.6.3.	Does the company identify and assess potential environmental risks? Yes/No	1 for Yes; 0 for No

(continued)

Part 1: Scoring of the existing BRR framework		
	Parameters and indicators of BRR	Scaling
E.6.3.	Details	3 for assessing the environmental damage and bear the cost of pollution abatement with due regard to public interest and taking more than 5 initiatives; 2 for 3–5 initiatives; 1 for 1–2 initiatives; 0 for Not Reporting
E.6.4.	Does the company have any project related to Clean Development Mechanism? Yes/No	1 for Yes; 0 for No
E.6.4.	Details	3 for adopting cleaner production methods, promoting use of energy efficient and environment friendly technologies and use of renewable energy and taking more than 3 initiatives; 2 for 2–3 initiatives; 1 for some initiative; 0 for Not Reporting
E.6.5.	Has the company undertaken any other initiatives on clean technology, energy efficiency, renewable energy, etc? Yes/No	1 for Yes; 0 for No
E.6.5.	If Yes, Details	3 for more than 5 initiatives; 2 for 3–5 initiatives ; 1 for 1–2 initiatives; 0 for Not Reporting
E.6.6.	Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported? Yes/No/NA	1 for Yes; 0 for No
E.6.7.	Number of show cause/legal notices received from CPCB/SPCB which are pending	1 for Reported; 0 for Not Reported
E.6.7.	Details	3 for < 5 cases pending; 2 for 5–10; 1 for >10; 0 for Not Reporting
<b>E6</b>	<b>Principle 6—Total</b>	<b>Twenty-Seven [27]</b>
<i>Principle 7: Community</i>		
E.7.1.	Is your company a member of any trade and chamber or association (Yes/NO)	1 for Yes; 0 for No
E.7.1.	How many associations (Number)	1 for Reported; 0 for Not Reported
E.7.2.	Have you advocated/lobbied through the above associations for the advancement or improvement of public good? Yes/No	1 for Yes; 0 for No
E.7.2.	How many broad areas covered (out of Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others) (State the number)	3 for >5 areas; 2 for 3–5 areas; 1 for <3 areas; 0 for Not Reporting
<b>E7</b>	<b>Principle 7—Total</b>	<b>Six [06]</b>
<i>Principle 8: Inclusive growth</i>		
E.8.1.	Does the company have a policy on "Businesses should support inclusive growth and equitable development" Yes/No	1 for Yes; 0 for No

(continued)

Part 1: Scoring of the existing BRR framework		
	Parameters and indicators of BRR	Scaling
E.8.1.	Details	3 for more than 5 initiatives taken for supporting inclusive growth and equitable development; 2 for 3–5 initiatives; 1 for 1–2 initiatives; 0 for Not Reporting
E.8.2.	Are the programs/projects undertaken through in-house team/own foundation Yes/No	1 for Yes; 0 for No
E.8.2.	Are the programs/projects undertaken through external NGO/government structures/any other organization? Yes/No	1 for Yes; 0 for No
E.8.2.	Details	3 for more than 5 programs/projects undertaken through internal or external NGO/government structures/any other organization; 2 for 3–5 projects; 1 for 1–2 projects; 0 for Not Reporting
E.8.3.	Have you done any impact assessment of your initiative? Yes/No	1 for Yes; 0 for No
E.8.3.	Details (how)	3 for impact assessment on all stakeholders; 2 for impact assessment on local community and environment; 1 for local community; 0 for Not Reporting
E.8.4.	What is your company's direct contribution to community development projects [Amount in INR]	1 for Reported; 0 for Not Reported
E.8.4.	Details	3 for >5 projects; 2 for 3–5 projects; 1 for 1–2 projects; 0 for Not Reporting
E.8.5.	Have you taken steps to ensure that this community development initiative is successfully adopted by the community?	1 for Yes; 0 for No
E.8.5.	Details	3 for >3 initiatives; 2 for 2–3 initiatives; 1 for 1 initiative; 0 for Not Reporting
<b>E8</b>	<b>Principle 8—Total</b>	<b>Twenty-One [21]</b>
<i>Principle 9: Consumers</i>		
E.9.1.	What percentage of customer complaints/consumer cases are pending	3 for less than 10% complaints pending; 2 for 10–20% and 1 for >20%; 0 for Not Reported
E.9.2.	Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/No/NA	1 for Yes; 0 for No
E.9.2.	Details	3 for disclosing all information truthfully and factually, through labeling and other means, including the risks to the individual, to society and to the planet from the use of the products; 2 for

(continued)

Part 1: Scoring of the existing BRR framework		
	Parameters and indicators of BRR	Scaling
		disclosing information about product only; 1 for using only labeling; 0 for Not Reporting
E.9.2.	How many products	1 for Reported; 0 for Not Reported
E.9.3.	Any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour Yes/No	0 for Yes; 1 for No
E.9.3.	Number of cases filed	1 for Reported; 0 for Not Reported
E.9.3.	In what category (out of any case filed unfair trade practices, irresponsible advertising and/or anti-competitive behaviour)	1 for Reported; 0 for Not Reported
E.9.3.	Number of cases pending	3 for less than 10% cases pending; 2 for 10–20% and 1 for >20%; 0 for Not Reported
E.9.4.	Did your company carry out any consumer survey/ consumer satisfaction trends Yes/No	1 for Yes; 0 for No
E.9.4.	Which Areas (Details)	3 for regularly conducting consumer survey and considering consumer feedback; 2 for only regularly conducting survey; 1 for conducting survey sometimes; 0 for Not Reporting
<b>E9</b>	<b>Principle 9—Total</b>	<b>Eighteen [18]</b>
	<b>Maximum Possible Score</b>	<b>One Sixty-three [163]</b>

Part 2: Scoring of the proposed parameters in the BRR framework

Principle	Indicators/parameters	Scale
Principle 1	Material Assessment of Social and Environment performance—Internal and External	3 for both internal and external assessment; 2 for internal assessment; 1 for reporting; 0 for not reporting
	Stakeholder feedback on social and environment issues	3 for taking feedback from all stakeholders; 2 for suppliers, customers, and employees; 1 for employees only; 0 for not reporting
	Anti-corruption reporting and prevention systems	3 for having anti-corruption, whistle blowing policy, direct reporting mechanism to directors; 2 for different policies but no reporting; 1 for only whistle blowing policy; 0 for not reporting
	Financial Control Mechanism and transparency in disclosures	3 for having audit committee, financial risk assessment, internal control and all mandatory disclosures; 2 for all but no risk assessment; 1 for only audit committee and internal control; 0 for non-compliance.

(continued)



Part 2: Scoring of the proposed parameters in the BRR framework		
Principle	Indicators/parameters	Scale
Principle 2	Mechanism to reduce waste/landfill	3 for >3 initiatives; 2 for 2–3; 1 for 1 initiative; 0 for not reporting
	Handling hazardous waste and toxic water waste; water footprint of Value chain	3 for ensuring handling hazardous and toxic water waste for company and value chain; 2 doing only for company; 1 for either for hazardous waste or water waste
Principle 3	Facilities/Special facilities to employees—Permanent/Women/Casual/Disabled	3 for providing facilities to all employees; 2 for permanent and women; 1 for only permanent; 0 for not reporting
	Occupational Health and Safety policies and programs	3 for implementing safety and health programs, reporting system, safety committee, taking corrective actions; 2 for implementing safety and health programs, reporting system; 1 for implementing safety and health programs; 0 for not reporting
	Non-discrimination policy in hiring, promotions, access to employee-handbook, empowerment of workers, workplace diversity	3 for having all policies in place; 2 for all but not empowerment of workers; 1 for only handbook; 0 for not reporting
Principle 6	Risk assessment and social and environment certification of company and suppliers? Yes/No	1 for reporting; 0 for not reporting 3 for both internal and external risk assessment; 2 for internal assessment; 1 for reporting; 0 for not reporting
	Reporting and reducing Carbon intensity, Carbon emissions, GHG, transportation	3 for reporting and ensuring emissions less than permissible limits; 2 for reporting and emissions within limits; 1 for only reporting; 0 for not reporting
	Carbon Credit (Purchased/Sold)	2 for Sold; –1 for Purchased
	Is the company doing environment impact assessment on community? Yes/No	1 for yes; 0 for No
	<b>Maximum Possible Score</b>	<b>Thirty-Seven (37)</b>
	<b>Total Score (Existing + New Parameters)</b>	<b>163 + 37 = 200</b>

Source: Developed by authors

## Annexure 2: BRSR (Section A and B) Framework with Scoring Scale

	Parameters and indicators of BRSR	Scaling
<i>Section A: General disclosures</i>		
1–16, 18, 22– 24, 26, 28,	General Information about Company	No Score
17	Location of Manufacturing Plant	1 point for Location outside the scope of Category A, B, C or D; 0 for within the scope
19	Categories of Employees	3 for engaging differently abled employees >10% total employees; 2 for >5%; 1 for >2%; 0 for not engaging
20	Women Employees	3 for engaging women employees >25% total employees; 2 for >15%; 1 for >10%; 0 for not engaging 3 for engaging differently abled women employees >5% total employees; 2 for >3%; 1 for >1%; 0 for not engaging
21a	Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiaries?	2 for all subsidiaries; 1 for not all subsidiaries; 0 for not reporting
21b	Do any other entity/entities (e.g., suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities?	3 for >60%; 2 for 30–60%; 1 for < 30%; 0 for not reporting
25a	Total Spending on CSR as percentage of PAT (%)	3 for >2%; 2 for 1–2%; 1 for < 1%; 0 for not reporting
25b	Amount Spent in Local Areas	3 for >75% amount spent; 2 for >50%; 1 >25%; 0 for <25%
25c	List of activities in which CSR expenditure has been incurred	3 for covering >5 activities listed in schedule VII of Company Act; 2 for 3–5 activities; 1 for 1–2 activities; 0 for not reporting
27	Responsibility statement of the CSR Committee	1 for Yes; 0 for No
29	Stakeholders Complaints/Grievances on Responsible Business Conduct	3 for Resolving more than 90% complaints; 2 for 70–90% and 1 for < 70%; 0 for Not Reported

(continued)

	Parameters and indicators of BRSR	Scaling
30	Risk Assessment of environmental, social and governance matters	3 for assessment and efforts to address the concerns; 2 only assessment is done but not addressed; 1 for partial assessment; 0 for not reporting
	<b>Section A Total</b>	<b>28</b>
<i>Section B: Management and process disclosures</i>		
1	Company policy covering principles of the NGRBCs	3 for covering all Principles; 2 for >5; 1 for >3; 0 for not reporting
2	Translated the policy into procedures	1 for yes; 0 for No
3	Policies extend to your value chain partners	1 for yes; 0 for No
4	National and international codes/standards adopted and mapped to principles	3 for adopting and mapping for all Principles; 2 for >5; 1 for >3; 0 for not reporting
5–6	Specified committee of the Board to implementation of the BRR policy	1 for yes; 0 for No
7	Review of NGRBCs by the Company	3 for quarterly; 2 for half yearly; 1 for annually; 0 for not reporting
8	Assessment of policy—Internal and External	3 for both internal and external assessment; 2 for internal assessment; 1 for reporting by committee; 0 for not reporting
9–11	Identifying and communicating with stakeholders	2 for identifying and communication; 1 for identifying; 0 for not reporting
12	Reasons for not covering all principles in policies	3 for reason explained and planning to cover in future; 2 for reasons for all principles not covered; 1 for partial coverage; 0 for not reporting
	<b>Section B Total</b>	<b>20</b>
	<b>Total of Sections A and B</b>	<b>48</b>

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