Abstract

For a business organization, risk and return are central to its quest for long-term success. By operationalizing sustainability, businesses can generate collective value that addresses all stakeholders. Business responsibility reporting has steadily increased across nations, with India mandating its own Business Responsibility Report (BRR), which was later replaced by the Business Responsibility and Sustainability Report (BRSR). The policy mandates and practice of sustainability in conjunction with Indian businesses create interdisciplinary viewpoints, especially on the organization's risk-return relationships.

This thesis develops a standardized assessment framework for evaluating the ESG (Environmental, Social, Governance) performance of Indian companies using BRR disclosures. Then, the ESG performance of Indian small-cap companies is calculated. Further, their ESG performance is analyzed for its impact on market performance and brand values. This thesis also develops mechanisms for SDG alignment and ESG risk management. Therefore, this study addresses a knowledge gap at the intersection of sustainability reporting, enterprise risk management, and the performance of small-cap firms in India.

The research employs a hybrid methodology: mapping BRR principles to the UN Sustainable Development Goals (SDGs) using Critical Hermeneutic Analysis, developing a sustainability performance assessment tool, and assessing the ESG practices of 250 small-cap firms based on their BRR. The study regresses sustainability scores on market and brand performance, controlling for firm age and size. To address risk, combining "holistic" (BRSR) and "reductionistic" (COSO ERM) approaches, the study develops a novel performance assessment tool for ESG-related risk management. This study also uses case studies to illustrate the application of the systems (BRR-SDGs and risk assessment). The complete study is robust and validated.

The findings indicate that Indian small companies score higher in social sustainability than in other dimensions. However, environmental and governance dimensions hinder market performance. Environmental sustainability aligns positively with brand value. Mapping BRR to SDGs reveals missed opportunities for actionable, transparent reporting. Stakeholder and institutional theories illuminate how regulatory pressure, resource constraints, and signaling shape company outcomes. This research provides policymakers, companies, and other stakeholders with a robust basis for strengthening sustainability mandates, integrating the SDGs into disclosures, and improving ESG

risk evaluation practices. Future work should leverage panel data and extend the framework under the BRSR regime.