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A Review of ESG Reporting Practices in Indian REITs

Prof. Neha Wankhede, Dr. Namrata Deshmukh
[1]Faculty of Management, M.V.P's Samaj's Commerce, Management & Computer Science College, Nashik

Abstract- Environmental, Social, and Governance (ESG) considerations have become very important in the Real Estate Investment Trust (REIT) sector as investors place greater emphasis on sustainability, transparency, and long-term value creation. Despite the growing adoption of ESG reporting frameworks, significant inconsistencies persist in how REITs measure, disclose, and standardize ESG information, limiting comparability and investor confidence. This study examines the processes, frameworks, and challenges associated with ESG reporting and standardization in the REIT sector. Using a descriptive research design based on secondary data, the study reviews academic literature, regulatory guidelines, global ESG frameworks, and ESG disclosures of selected Indian REITs, including Mindspace Business Parks REIT, Brookfield India REIT, and Embassy Office Parks REIT. The findings shows that while structured governance frameworks and clear ESG policies improve reporting consistency at the firm level, the absence of uniform, REIT-specific ESG standards remains a key challenge. The study point outs the need for stronger standardization, improved regulatory guidance, and sector-specific disclosure norms to enhance transparency, reduce greenwashing risks, and support informed investor decision-making in the REIT market.

Keywords— Real Estate Investment Trusts (REITs), ESG Reporting, Sustainability, ESG Standardization, Corporate Governance, Environmental Disclosure, Social Responsibility, Investor Transparency, Regulatory Frameworks

I. INTRODUCTION

Real Estate Investment Trusts (REITs) play a crucial role in global capital markets by enabling investors to gain exposure to diversified real estate assets while enjoying liquidity and regular income. Due to their public listing and fiduciary responsibility, REITs are expected to maintain high levels of transparency and governance. In recent years, ESG factors have become important have emerged as a critical dimension of this accountability, reflecting growing climate change concerns, social responsibility, and corporate governance. The rise of sustainable investing has intensified the demand for reliable ESG disclosures. Investors increasingly rely on ESG information to assess risk, resilience, and long-term value creation. However, despite growing adoption of ESG reporting frameworks, significant inconsistencies remain in how REITs measure, report, and communicate ESG performance. These inconsistencies reduce comparability across firms and markets, raising concerns about the effectiveness of ESG reporting and the risk of greenwashing. This study reveals the development of ESG reporting and standardization practices in the REIT sector and their broader implications.

Objectives of the Study

To review ESG disclosure patterns among some Indian REITs and assess their contribution toward developing comparable and standardized reporting practices.

Research Gap

Despite the growing emphasis on ESG disclosures, there is no comprehensive research focusing specifically on ESG reporting and standardization in REITs. Existing studies largely address ESG performance outcomes rather than the reporting mechanisms themselves. Moreover, there is limited analysis of how inconsistencies across ESG frameworks affect investor interpretation and decision-making in REIT markets. The lack of clear and standardized ESG guidelines specifically designed for REITs is an important gap that needs more study & attention from researchers and policymakers.

II. RESEARCH METHODOLOGY

The study adopts a descriptive research design based entirely on secondary data. Data were collected from published academic journals, ESG and sustainability reports of listed REITs.

III. LITERATURE REVIEW

Study examined whether ESG (Environmental, Social, and Governance) activities influence the market value of listed real estate and construction companies in India. Using data from 38 major firms covering the period from 2017 to 2024, the analysis shows that better ESG performance is linked with higher market valuation. Companies with stronger ESG practices tend to achieve higher Tobin's Q and Price-to-Book ratios, indicating that investors value sustainability-oriented firms more positively.

The findings shows that not all ESG factors affect market value equally. Governance practices have the strongest and most consistent impact on firm valuation, highlighting the importance of transparent management, strong leadership, and effective corporate governance in the Indian real estate sector. Environmental initiatives are also positively related to firm value, suggesting that investors increasingly recognize the long-term benefits of energy efficiency, sustainability, and risk reduction. However, social factors did not show short-term impact on market valuation, possibly because investors take longer to recognize the financial gains of social initiatives or because such gains & benefits are not yet fully reflected in stock prices. The results remain reliable even after considering firm-specific characteristics and overall market conditions. Additionally, the introduction of mandatory ESG disclosures through the Business Responsibility and Sustainability Reporting (BRSR) framework strengthens the evidence that transparent ESG reporting enhances firm value. Overall, the study suggests that adopting strong ESG practices and clearly communicating them to investors can improve market valuation. In the Indian real estate sector, companies that adopts sustainability with effective disclosure are better positioned to gain investor trust and long-term value. (Yadav, 5 Sep-Oct; 2025)

This study reveals that the real estate sector is actively reporting on carbon emissions, with more than 44% of stakeholders in Australia and India disclosing information related to emissions. This reflects the growing global concern about climate change that highlight emissions as a key sustainability issue for the industry. However, the findings also reveal major gaps in the reporting of other important environmental aspects. Disclosures related to materials use, biodiversity, and water and effluents are relatively low, indicating that the sector places much greater attention on emissions while overlooking other critical environmental impacts. This focuses on the need of policy measures that encourage more balanced and comprehensive environmental reporting. The study finds no clear link between environmental disclosure transparency and financial performance, measured through Economic Value Added (EVA). This result is same with earlier research that questions the direct financial benefits of environmental reporting. Rather than viewing this as a weakness, the study suggests that environmental disclosures may provide important non-financial benefits, such as improved reputation, stakeholder trust, and long-term sustainability.

The study also proposes that policymakers introduce regulations or incentives that encourage stakeholders to report on a broader set of sustainability indicators. Such initiatives could help build a more transparent and balanced reporting culture within the real estate industry and keep it aligned with international sustainability practices. It also highlights the importance of increasing stakeholder awareness about the interconnected nature of environmental issues. (Raghu Dharmapuri Tirumala, 2023)

During the period from April 2019 to July 2022, Indian Real Estate Investment Trusts (REITs) generated lower returns compared to equities but delivered higher returns than bonds, even amid the economic disruptions caused by COVID-19 lockdowns. Despite the negative impact of the pandemic on traditional office-based working models, Indian REITs demonstrated relative resilience. The study also analysed the role of REITs within a mixed-asset portfolio and found that including REITs improves portfolio diversification and risk-adjusted returns, highlighting their value in diversified investment strategies. (Walia, 2023)

The findings indicate that ESG commitments have either a negative or insignificant impact on firm valuation and operational performance. In particular, the environmental component of ESG and its sub-dimensions do not show consistent financial benefits. Additionally, ESG practices do not appear to reduce the negative effects experienced by firms during periods of economic downturns and uncertainty. These results remain same even after addressing potential endogeneity issues in the analysis. (Kakinuma, 18 November 2025)

The findings suggest that the environmental and social components play an important role in explaining the relationship between ESG practices and REIT performance. The social pillar shows a consistently positive and significant impact, indicating that socially responsible practices contribute positively to REIT outcomes. In contrast, while the environmental pillar is statistically significant, its direction of influence remains unclear, suggesting mixed effects across different contexts. The governance pillar does not exhibit a significant impact, implying that under the current regulatory framework for REITs, governance practices may be less influential in determining performance. Overall, the results highlight the varying contributions of individual ESG pillars to REIT performance across various market conditions and time periods. Furthermore, the strong positive effect of the social pillar supports Freeman's (1984) stakeholder theory, which says that business practices aligned with stakeholder interests can enhance financial performance. (Zheng, January 07 2025)

This study evaluates the effectiveness of the regulatory framework governing Indian REITs using insights from interviews with 30 industry experts. The interviews were conducted using semi-structured questionnaires and analyzed through content analysis to identify key themes. The findings show that India's REIT framework is largely effective and comparable to models in countries such as UK, France, Ireland, and China. However, several improvements are needed to attract more retail investors. The study suggests simplifying REIT tax rules, especially the treatment of interest and dividend income, reducing capital gains by adjusting loan repayment treatment, and including REITs in the Realty Index to boost investor confidence. It also recommends excluding security deposits from Net Distributable Cash Flow, as they do not represent actual income. These recommendations help address gaps in the current literature and offer practical guidance for strengthening India's REIT regulatory framework. (Abhishek Sharma, 09 Sep 2024)

This research provides a detailed study of the development and growth of REITs in India. It empirically examines their performance, regulatory framework, operational strength, and growth trends. By analyzing performance indicators, regulatory changes, pandemic-related impacts, global comparisons, and expert insights, the study offers valuable findings that improve our understanding of the evolving REIT market in India. (Walia, A study of the emergence and growth of REITs in India, 2025)

Esg & Sustainability Reports
Mindspace Business Parks Reit
Multi-tier Governance for ESG Oversight:
Mindspace REIT uses a four-tier governance structure (Executive Committee, ESG Committee, Steering Committee, R&D Council, and Working Groups) to embed ESG into management processes. Standardization via Policies and Frameworks:

Policies cover environmental, social, and governance measures, including climate risk management, sustainability initiatives, and internal carbon pricing. By clearly defining responsibilities and metrics at each level, Mindspace ensures consistency and comparability in ESG reporting, addressing the standardization aspect of the objective. (Group, 2024-25)

Brookfield India Real Estate Trust
Multi-tier Governance for ESG Oversight:
Brookfield REIT uses a seven-tier governance structure- Resilience, Conservation, Community, Productivity, Inclusivity, Inclusivity, Profitability.

Standardization via Policies and Frameworks:
REITs standardize ESG practices through clear policies and structured frameworks that ensure consistent measurement, reporting, and monitoring. Resilience policies cover climate adaptation, risk management, and compliance. Conservation policies address energy ratings, emission reduction, and resource management. Community policies focus on human rights, CSR, and grievance redressal. Productivity policies ensure tenant and employee health, safety, and training. Inclusivity policies cover diversity, accessibility, and well-being. Profitability policies link ESG performance to financial outcomes and value creation. (Ankur Gupta, 2025)

Embassy Office Park
Multi-tier Governance for ESG Oversight:
Embassy REIT uses a six-tier governance structure- Resource Efficiency, Sustainable Supply Chain, Human Capital, Community Connect, Responsible Investment, Ethics and Responsibility.

Standardization via Policies and Frameworks:
The ESG framework is built around three core pillars—Resilient Planet, Revitalized Communities, and Responsible Business. It covers six key focus areas and 19 ESG programs, each aligned with material issues identified through a formal materiality assessment conducted in FY2021.

The ESG roadmap was introduced in FY2022 with targets set for FY2025. After achieving several milestones and reviewing progress, the organization has strengthened its commitments and extended ESG targets to FY2030, reflecting a long-term and standardized approach to sustainability. (BHATTACHARJEE, 2024-25)

Suggestions

- Regulators and industry bodies such as SEBI, stock exchanges, or REIT associations should develop a standardized ESG framework specifically for REITs, covering real estate–related issues such as energy use, water efficiency, tenant health, and asset resilience.

ESG Parameter	Mindspace Business Parks REIT.	Brookfield India REIT	Embassy Office Parks REIT
Water Recycling %	46.4% of water recycled (FY 24)	Not publicly quantified	Program focus on water stewardship
Carbon Emission Reduction.	30.4% reduction (Scope 1 $ 2 since FY20)	74% lower emissions intensity vs baseline	Monitors but no % publicly shown
Gender Diversity- Board/ Senior Role.	14.3% women directors. 37% female senior management	Not publicly quantified	Not publicly quantified

- A common set of key performance indicators (KPIs) should be defined for all REITs, including emissions intensity, water consumption per square foot, energy efficiency, waste recycling rate, and diversity indicators. This will improve comparability across firms.
- REITs should be encouraged or required to disclose ESG data at the building or asset level, as real estate sustainability performance varies significantly across properties.
- Third-party verification of ESG disclosures should be promoted to enhance credibility, reduce greenwashing, and improve investor trust.

Findings
The study finds that although ESG reporting has gained prominence in the Indian REIT sector, the absence of a unified, industry-wide ESG reporting metric specifically designed for REITs has resulted in significant inconsistencies in disclosure practices.

The analysis of Mindspace, Brookfield, and Embassy REITs shows wide variation in the selection of ESG parameters, measurement methods, and level of quantitative disclosure. While Mindspace REIT provides numerical data on indicators such as water recycling, carbon emission reduction, and gender diversity, Brookfield and Embassy largely rely on qualitative narratives or selectively quantified indicators. This lack of uniformity makes cross-REIT comparison difficult and limits the usefulness of ESG data for investors and other stakeholders.

The findings further indicate that internal governance structures and clearly defined ESG policies help improve reporting consistency at the individual REIT level. However, in the absence of standardized, REIT-specific ESG metrics, even well-governed REITs follow different frameworks, scopes, and timelines. The analysis confirms that current ESG disclosures are framework-driven rather than sector-driven, reinforcing the core objective that the Indian REIT market lacks a harmonized ESG reporting and standardization mechanism.

IV. CONCLUSION

The study concludes that ESG reporting in Indian Real Estate Investment Trusts remains fragmented due to the unavailability of a unified, REIT-specific ESG reporting and standardization framework. While global ESG frameworks have enhanced awareness and disclosure practices, they do not adequately address the sector-specific characteristics of REITs, resulting in inconsistent metrics, uneven data depth, and limited comparability across firms. The comparative analysis of Mindspace, Brookfield, and Embassy REITs demonstrates that variations in ESG disclosure are primarily driven by the lack of standardized reporting norms rather than differences in sustainability commitment.

Although structured governance systems and internal ESG policies have enabled individual REITs to improve reporting quality, these firm-level initiatives cannot substitute for industry-wide standardization. Therefore, the study emphasizes the need for dedicated REIT-specific ESG reporting guidelines supported by regulatory bodies and aligned with global best practices. Establishing uniform ESG metrics would enhance transparency, reduce greenwashing risks, improve investor confidence, and support sustainable growth in the Indian REIT sector.

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