**ESG Reporting and its impact on Investment: A Case Study on Infosys**

**Abstract**

ESG refers to Environmental, Social, and Governance. It is a system to know how a company functions other than merely generating profits and ESG reporting is the process of a company publishing detailed information on how it functions and tackles issues in areas of the environment, social responsibility, and company governance. this paper is a condensed summary of the research that has been done on the connection between Environmental, Social, and Governance (ESG) performance and investment decisions, and more so on Infosys Limited.

The main objective of the research is to analyze how Infosys’s ESG performance is related to different financial metrics, such ac stock price movements and investor inflows.

The study aims to know whether better ESG ratings can make a positive impact on investor decisions and financial performance. Main findings reaffirm that enhanced ESG performance can drive improved financial performance, and hence investor decision making. It implies that SG disclosure is not about numbers compliance but a strategic tool that can contribute to increased investor confidence and have an impact on financial performance.
The research focuses on the ESG report influence on investment, particularly concerning Infosys Ltd. By defining the role that ESG disclosure has in building investor confidence, lowering perceived risk, and eventually improving the financial performance of sustainable-oriented firms. The research is centered on ESG reporting’s impact on investment, the research methodology and the necessity to understand investor sentiment in this regard. The research highlights the ability of ESG performance to influence financial results and investors’ behaviour.

**Keywords**: Environmental, Social, and Governance (ESG), Financial Indicators, Stock Price Movements, Investor Behavior, Transparency, Sustainability, Investor Confidence.

**1.INTRODUCTION**

When we are thinking about how well a company is performing, we used to think about the numbers right away—profits, revenues, growth. We don't do that anymore today. People want to know where companies are obtaining their funds from; not only how much they are obtaining. Are companies doing the right thing to their employees? Are they considering the world? Are they being led ethically? These are the questions at the heart of ESG, or Environmental, Social, and Governance.
ESG is an approach that gives us a better whole picture of a company. It tells us if an organization is being a good steward to the world, being a good respecter of people, and being run with integrity. In essence, it tells us if an organization is doing the right thing—something more than making money.
Let us break it down:
• **Environmental (E**) captures how an organization engages with nature. This includes its carbon footprint, energy usage, pollution, recycling, and the extent to which it keeps natural resources in good condition. Organizations that can efficiently manage their environmental impact are generally regarded as being forward-thinking and more climate change resilient and better poised for any future environmental regulations.
• **Social (S)** is everyone—workers, customers, suppliers, and society as a whole. These include such issues as decent work practices, diversity and inclusion, workers' health and safety, and community engagement. Organizations that care about social issues also have a better relationship and earn public trust.
•**Governance (G**) looks at the way a company is governed. Governance is interested in leadership potential, board composition, executive remuneration, transparency, shareholder protection, ethics, and anti-bribery procedures. Good governance maintains accountability and prevents scandals or mismanagement.
Together, these three pillars give a better snapshot of the extent to which an enterprise is sustainable and dependable. That is why ESG is now an integral instrument for investors, regulators, and even consumers to determine which companies to patronize.
So what is this thing called ESG reporting? Picture it as a company's report card on sustainability. It's where a company provides a truthful, comprehensive report on where it stands on environmental, social, and governance matters. It doesn't say "we made a profit"—it says "here's how we made it, and here's how we're making a good difference."
These reports will typically have measurable data—such as the percentage of renewable energy the company uses, diversity of leadership, or ethical business practices. There are global guidelines to follow for these reports, such as the GRI (Global Reporting Initiative), SASB (Sustainability Accounting Standards Board), and TCFD (Task Force on Climate-related Financial Disclosures), that normalize the information and make it more stakeholder-relevant.
It is even more critical today because investors, customers, and regulators would want to know what businesses are doing about sustainability and long-term risk. It is about trust-building and demonstrating to the world that a business is conducting business for the long term and in a sustainable and ethical manner. In short, ESG reporting is about transparency and accountability beyond profit it's about demonstrating to the world the contribution of the company to a better, sustainable future

**Purpose of ESG Reporting**

The primary aim of ESG reporting is to deliver an unvarnished and transparent picture of how a company is dealing with its duties in three main domains: Environmental, Social, and Governance.

Unlike merely reporting on profits, ESG reporting emphasizes the way in which a company is making a positive difference in the world it touches through the way it treats people, the way it cares for the environment, and the way it makes moral choices.

**Types of data company includes in ESG reports:**

ESG reports include a mix of numbers, targets, and narratives that show how a company is performing in three key areas: **Environmental**, **Social**, and **Governance**.

**Environmental Data:** This covers how a company is impacting the planet.

* + - **Carbon Emissions**: "We reduced our greenhouse gas emissions by 18% compared to last year."  **Renewable Energy Use:** "In 2024, 40% of our global energy came from renewable sources."
		- **Waste Reduction**: "We diverted 75% of our operational waste from landfills through recycling and reuse."
		- **Water Use**: "Our manufacturing plants cut water usage by 10% in water-scarce regions."

**Social Data**: This reflects how the company treats people and communities.

* + - **Diversity and Inclusion:** "Women make up 45% of our global workforce, with 30% in leadership positions."
		- **Employee Wellbeing**: "Introduced mental health days and expanded wellness programs to all employees."
		- **Training and Development:** "Each employee completed an average of 15 hours of professional training this year."
		- **Community Investment**: "We donated $2 million to education and local development programs."

**Governance Data:** This shows how the company is managed, and how responsibly it makes decisions.

* + - **Board Diversity**: "Our board is 50% independent and includes members from four different nationalities."
		- **Ethics and Compliance:** "All employees completed mandatory ethics and anti-bribery training this year."
		- **Executive Pay**: "CEO compensation is tied to sustainability performance metrics such as carbon reduction."
		- **Cybersecurity**: "We had zero major data breaches in 2024 and completed two company-wide security audits."

**ESG Reporting process:** The ESG reporting journey starts with purpose clarity. Organizations must initially know why they are reporting. Whether for regulatory compliance, servicing investor expectations, or enhancing sustainability performance, having clear goals directs the whole process. In parallel, it's necessary to prescribe the scope—what areas of the business, operations, and geography will be covered in the report. This maintains focus and transparency from the onset.

Thirdly, there is the materiality evaluation, the process of pinpointing the most significant ESG issues that most concern the organization and its stakeholders. This also entails talking with individuals within as well as external to the business—employees, investors, clients, suppliers, and even townspeople—to familiarize yourself with their concerns as well as anticipations. This time, one wants to sequence the most topical environmental, social, and governance concerns that could affect the organization's performance as well as stature. This step ensures the report concentrates on what really counts, not merely what is easy to quantify.

After material issues have been located, companies select the reporting standards or frameworks that are most appropriate for them. Well-known choices are the Global Reporting Initiative (GRI), which provides general guidance to transparency; the Sustainability Accounting Standards Board (SASB), which is investor-oriented; the Task Force on Climate related Financial Disclosures (TCFD), which is concerned with climate risk; and the European Sustainability Reporting Standards (ESRS), which is required by the EU's Corporate Sustainability Reporting Directive (CSRD). The framework choice impacts reporting of data and what data is reported.

With the framework established, focus shifts to data gathering. This means collecting quantitative and qualitative data across a broad spectrum of ESG topics. For instance, on the environmental side, businesses would report their carbon footprint, energy consumption, and water use. On the social side, they would report on workforce diversity, employee health and wellbeing, community involvement, and labor practices in the supply chain. Governance information may contain details regarding board diversity, executive compensation, ethics policies, and risk management. It is crucial for the information to be correct, consistent, and comparable across time.

When data is available, it is then time to interpret the findings and look for gaps. Firms tend to benchmark their performance compared to industry comparable to get a sense of where they sit. This stage brings out the strengths and weaknesses and provides the foundation for making realistic ESG targets and goals. These need to be connected to the company's long-term strategy and baked into business decision-making to facilitate actual change.

With insights gathered, the company then moves on to drafting the ESG report. This is where everything comes together in a clear, compelling narrative. The report should tell the story of the company’s ESG journey its challenges, successes, data, and future ambitions. Strong storytelling, supported by credible data and examples, builds trust with readers. The report should also include policies, risks, opportunities, and how ESG is integrated into governance and business strategy.

Firms would usually do an in-house check prior to publication for completeness, consistency, and accuracy. Some even use third-party external assurance to verify significant figures and add validity to the report.
When published, the report is released and shared—typically on the company website, investor relations site, or through sustainability-branded events. It is not box-ticking— it is initiating a conversation. Using the report to communicate with stakeholders has the potential to create trust, drive sustainable investment, and extend company reputation.
ESG reporting is not a snapshot activity for an organization; it is an ongoing process of monitoring, learning, and self-improvement. Organizations need to be constantly re-evaluating their performance, re-defining themselves, and re-proving themselves. With shifting regulations and increasing stakeholders' expectations, the ESG journey continues to evolve—driven by an unyielding pursuit of transparency, accountability, and long-term value creation.

**ESG reporting frameworks**: There are several widely accepted ESG
(Environmental, Social, and Governance) reporting standards employed by corporations to report on their ethical business and sustainability practices. They are all talking about something else and for someone else, but most corporations employ a mix in order to satisfy stakeholder demands and regulatory requirements.

**Global Reporting Initiative (GRI)**: Global Reporting Initiative is a not-for-profit that unites global voices from all over the world to develop practical, high-quality sustainability reporting standards. GRI Standards enable organizations to see their environmental and social impact and do something about what's important. Thousands of organizations apply these worldwide standards, providing a common and transparent means of reporting on sustainability performance. They enable improved decisions by assisting companies in managing risks and opportunities.

**Sustainability Accounting Standards Board (SASB):** SASB's focus is on identifying the most critical sustainability issues most likely to affect a company's long-term ability to sustain its financial well-being—e.g., cash flow, access to capital, or cost of capital. SASB Standards offer industry-specific metrics and disclosure subjects of greatest importance to investors and enable companies to report the information that truly matters.

**Task Force on Climate-related Financial Disclosures (TCFD):** Established to allow companies to make transparent, consistent disclosures on how climate change is affecting their business. Its framework is based on four general areas: governance, strategy, risk management, and metrics & targets. Together, they provide a comprehensive view of how a company is managing climate-related risks and opportunities so that investors can make better decisions.

**CDP (Carbon Disclosure Project):** CDP is a worldwide non-profit running the world's sole independent environmental disclosure system. CDP inspires companies, cities, and governments to reveal their environmental footprint and act to cut it. CDP was the first to leverage the power of investors to drive change by means of environmental disclosure. Now it has the world's largest environment dataset, empowering decision-makers with the facts to make action for a safer, more sustainable world a reality.

**International Sustainability Standards Board (ISSB)** – IFRS S1 & S2: ISSB, established by the IFRS Foundation, has the responsibility of creating a global standard of sustainability reporting. Its IFRS S1 and S2 standards aim to provide the investors and financial markets with uniform and reliable sustainability information.The aim isto demonstrate how the sustainability opportunities and risks influence the firm's value and how the management plan to address them.

1. **Integrated Reporting Framework (IR):** The Integrated Reporting Framework (IR), created by the International Integrated Reporting Council (IIRC), seeks to enhance the quality of the information that is provided to capital providers by facilitating a more integrated perspective of value creation.
2. **EU Corporate Sustainability Reporting Directive (CSRD) & ESRS**: EU Corporate Sustainability Reporting Directive (CSRD) and the accompanying European Sustainability Reporting Standards (ESRS) are intended to improve and standardize sustainability reporting within the European Union. To improve transparency, consistency, and comparability of sustainability information made available by companies in the EU. Oblige companies to publish comprehensive ESG information based on the European Sustainability Reporting Standards (ESRS) so that investors and other stakeholders can receive complete, pertinent information regarding the sustainability performance and footprint of a company.

### **CHALLENGES OF ESG REPORTING**

ESG reporting is gaining relevance, yet there are many hurdles to its effectiveness, comparability, and consistency. They cross regulatory, operational, as well as data dimensions.

* **Shortage of Standardization:** Various frameworks (GRI, SASB, TCFD, CDP, ISSB, CSRD, etc.) bring about confusion. Various standards could be used to report by different companies, hence comparing ESG performance between firms or industries might become challenging.
* **Inconsistent and Non-Comparable Data:** ESG data quality tends to be incomplete, inconsistent, or unaudited. Various companies define ESG metrics differently, resulting in subjective or biased reporting.
* **Greenwashing Risk:** Firms are likely to overstate or misrepresent their ESG activities to seem more sustainable than they really are. without third-party assurance, it's difficult to separate actual progress and marketing.

 **Measurement and Data Collection Challenges:**

ESG encompasses non-monetary and qualitative considerations (e.g., biodiversity footprint, staff satisfaction) difficult to measure. Gathering data for global operations and intricate supply chains is frequently time-consuming and costly.

* **Regulatory Complexity:**

ESG regulations change rapidly and are region-specific. Internationally operating companies have to meet various overlapping disclosure obligations (e.g., CSRD in EU, SEC in US, ISSB globally).

* **Internal Limited Capabilities:** Most organizations do not have the ESG expertise Dedicated sustainability teams Integrated reporting systems. This results in disconnected or low-value disclosures.
* **Short-Termism vs. Long-Term Objectives:** The benefits of ESG are usually long-term, whereas most investors continue to prioritize short-term financial gains. This may deter companies from investing in ESG.
* **Third-Party Rating Differences:** ESG ratings by agencies (e.g., MSCI, Sustainably, S&P) tend to differ substantially. Investors get conflicting signals, and it's difficult to believe or act on ESG scores.
* **Materiality Disorientation:** What's "material" for ESG depends on: Industry Region Stakeholder expectations. Double materiality (financial + societal impact) is not yet commonly used or well understood.
* **Compliance Cost:** the process of preparing ESG reports (particularly in the context of compulsory frameworks) involves technology enhancement, auditing, consultants, and training. This can be a cost challenge for small and mid-sized enterprises

###  **IMPORTANCE OF ESG REPORTING**

* **Improved Transparency and Trust:** ESG reporting builds **credibility** and **trust** with investors, customers, employees, and communities. Transparent disclosure signals that a company is being responsible, accountable, and proactive in addressing key sustainability challenges.
* **Investor Decision-Making:** ESG factors are increasingly seen as material risks and opportunities. Investors use ESG reports to Evaluate long-term financial stability, Screen investments based on sustainability performance (e.g., in ESG or impact funds), Compare companies within and across industries.
* **Risk Management:** ESG reporting helps identify and manage **non-financial risks**, such as: Climate change and resource scarcity (E), Labor issues and human rights violations (S), Corruption and poor governance (G). Early identification of these risks can prevent reputational damage, legal penalties, and operational disruptions.
* **Regulatory Compliance:** Regulations like the CSRD (EU), SEC climate disclosure rule (U.S.), and others are making ESG reporting mandatory. Proactively adopting ESG reporting standards helps companies stay ahead of compliance requirements and avoid penalties.
* **Stakeholder Engagement:** Employees, customers, NGOs, and communities increasingly expect companies to demonstrate social responsibility reports foster open communication and show commitment to values-driven business practices.
* **Access to Capital and Financing:** Companies with strong ESG performance often benefit from: Lower cost of capital, Inclusion in ESG indexes or sustainability funds, better terms on loans from banks that integrate ESG in risk analysis.
* **Long-Term Value Creation:** ESG-focused companies often outperform over time due to More resilient operations, Innovation in sustainable products, Stronger relationships with customers and employees.
* **Reputation and Brand Value:** Consumers increasingly choose brands aligned with their values. ESG transparency enhances brand image and can drive competitive advantage.
* **Benchmarking and Continuous Improvement**: ESG metrics provide a framework to track progress, set targets (e.g., carbon neutrality), and benchmark against peers. Drives internal accountability and encourages strategic improvements.

 **TRENDS IN ESG INVESTING**

* **Shift Toward Mandatory ESG Disclosure:** Governments and regulatory bodies around the world—including those in the EU, UK, US, and APAC regions—are moving toward making ESG reporting a legal requirement. Standards like the EU’s Corporate Sustainability Reporting Directive (CSRD), the ISSB’s IFRS S1 and S2, and the SEC’s climate-related rules are helping to create a more unified global approach. These efforts are designed to make ESG data more transparent and easier for investors to compare across companies and markets.
* **ESG Data and Ratings Under Scrutiny:** Investors are demanding greater consistency and reliability in ESG ratings. There’s a push for standardizing ESG metrics across rating agencies. Companies are moving toward assurance/auditing of ESG data.
* **Integration of ESG into Mainstream Investment Strategies**: is no longer a “niche” it’s being integrated into: Active and passive funds Credit risk analysis Private equity and venture capital ESG metrics are used to enhance alpha and mitigate risk.
* **Rise of Thematic and Impact Investing**: Increased focus on thematic funds tied to: Climate tech, clean energy, Gender equity, Circular economy Impact investing (where outcomes are measurable and intentional) is gaining traction among institutional and retail investors.
* **Climate-Focused Investment is Front and Centre**: The rise of net-zero commitments is driving capital into Renewable energy Carbon markets Climate resilient infrastructure-aligned climate risk reporting is a growing requirement for listed companies.
* **Social Factors Gaining Momentum (Especially "S" in ESG)**: Focus on: Human rights, Labor standards, Workplace diversity, Mental health, and employee wellbeing. Investors want companies that support inclusive, ethical, and healthy workplaces.
* **Growth in Sustainable Bonds and Green Finance:** There has been a noticeable rise in the use of green bonds, social bonds, and sustainability-linked loans. These financial tools are helping direct investment into projects that deliver measurable environmental or social benefits. Investors are increasingly choosing to support initiatives that align with sustainability goals.
* **Technology-Driven ESG Analytics**: AI, big data, and blockchain are used to Verify ESG claims Track supply chain sustainability, Monitor real-time ESG performance. FinTech’s and platforms offer **ESG scoring tools** for retail investors.
* **Stakeholder Capitalism & Shareholder Activism:** Investors are pressuring companies to: Improve ESG performance, Link executive pays to ESG goals Enhance diversity at board level
* **Emerging Markets Gaining ESG Attention**: Emerging economies are attracting ESG-focused capital, especially in areas like: Green infrastructure financial inclusion Renewable energy access.

###  **CASE STUDIES OF REAL WORLD**

 **1. Unilever** – ESG as a Core Business Strategy Unilever integrated ESG deeply into its business model through its Sustainable Living Plan, which aimed to reduce environmental impact while increasing social impact.

**ESG Reporting Focus**: Reducing carbon footprint, Sustainable sourcing, promoting health and well-being Improving livelihoods for suppliers.

**Investment Outcome**: Attracted ESG-conscious investors, Outperformed peers on sustainability indexes Enjoyed relatively stable stock performance during market volatility, Multiple ESG funds (like from BlackRock) increased holdings.

**2.Tesla** – Mixed ESG Signals, Industry: Automotive / Tech, Tesla scores high on environmental performance but faces criticism on social/governance aspects (e.g., labour practices, executive behaviour).

**ESG Reporting Focus:** Strong reporting on emissions reduction, Weak on diversity, labour practices, and board governance.

**Investment Outcome’s:** some exclude Tesla due to governance risks; others include due to environmental impact, shows how ESG is not one-size-fits-all, and weighting of E, S, and G matters, sparked broader discussions on how ESG should be scored.

 **3.Microsoft ESG Leadership, Industry:** Microsoft committed to being carbon negative by 2030 and launched robust ESG initiatives, including transparency in workforce diversity.

**ESG Reporting Focus:** Climate commitments and carbon removal, social inclusion and transparency, Strong governance, and ethical AI principles.

**Investment Outcome:** Highly rated in ESG indexes (MSCI, Sustainably), Attracted ESG focused institutional investors, Used ESG reporting to differentiate in tech sector.

**Tata Steel:**

**ESG reporting focus**: Tata Steel operates in a sector not exactly known for being clean but it is rewriting that story. With a bold goal to become **net zero by 2045**, Tata Steel is investing in **low-emission technologies** and **steel recycling**, making progress in an industry where even small gains are hard-won. The company’s approach to social responsibility is equally impressive. From **educating tribal children** to **providing healthcare in remote villages**, Tata Steel’s CSR outreach touches **millions of lives** across India. Internally, they are promoting diversity in a male-dominated industry and helping employees build sustainable careers. On the governance front, Tata Steel is rock solid. A dedicated **ESG committee at the board level**, **climate-risk disclosures**, and active stakeholder engagement have built a brand of trust.

**Investment outcome:** This commitment has not gone unnoticed. Tata Steel is part of **ESG leader indices** and enjoys **access to green financing**. Even in times of market stress, its **reputation for responsibility has drawn investor confidence**, helping it weather volatility better than less-ESG-conscious peers.

 **HYPOTHESES**

The basic hypothesis of the study is that there is no significance difference between ESG reporting and its impact on investment of Infosys. The main hypotheses is further divided into following sub hypotheses.

**Hypothesis 1:**

**H₀**: There is no significant relationship between ESG reporting and investment decisions.

**H₁**: There is a significant relationship between ESG reporting and investment decisions.

**Hypothesis 2:**

**H₀**: ESG performance does not have a significant impact on Infosys’ stock performance or investor behaviour.

**H₁**: Infosys’ ESG performance plays a meaningful role in influencing its stock performance and the decisions made by investors.

##### **RESEARCH DESIGN**

This research adopts a case study design based entirely on secondary data. The aim is to explore how ESG reporting by Infosys influences investment decisions and financial performance of Infosys, using existing reports, databases, and publicly available information.

Secondary data is ideal for this study because it allows access to a wide range of reliable and historical information, including:

* ESG reports published by Infosys
* Annual financial reports
* Stock market performance data
* ESG ratings by third-party agencies (like MSCI, Sustainalytics, or S&P)
* Published research papers and articles on ESG and investment trends

Using secondary data also allows for a more time-efficient and cost-effective analysis, especially when large datasets are involved and when direct access to investors or company insiders is limited.

##### **DATA COLLECTION**

The research will primarily rely on secondary data. The necessary financial data will be collected from:

* Infosys annual report from 2020 to 2024
* Infosys ESG report 2020 to 2024
* Published financial statement and report from Infosys official website.
* Relevant financial databases and publications

##### **DATA ANALYSIS**

Data will be analysed using Quantitative Analysis which include descriptive Statistics, correlation analysis and regression analysis.

**Quantitative analysis**
Quantitative analysis involves the application of numbers and statistical methods to examine and interpret data in a systematic fashion. It involves quantifiable data that can be handled mathematically to identify patterns, trends, and the interaction of variables. Quantitative data analysis is applied in this study to examine the impact of Infosys's ESG performance on its financial indicators, with emphasis on share price movements and investor activity, between 2020 and 2024. It involves the collection of numerical data like ESG scores, share prices, and institutional holdings and the application of statistical methods like descriptive statistics, correlation, and regression analysis. Such analysis enables the study to make an objective judgment of whether there is a significant relationship between ESG factors and investment-related outcomes. Quantitative analysis enhances the validity and reliability of findings through evidence-based data not based on personal opinions or interpretations.

**Descriptive statistics**
Descriptive statistics is the branch of statistics that deals with summarizing and describing data in a meaningful way. Descriptive statistics does not draw conclusions or make predictions (that's what inferential statistics does), but just informs you of what the data shows.
Descriptive statistics allow us to know instantly and comprehensively describe the most important features of a data set and give us a precise picture of the data. Without going deeply into projections or advanced analysis, this approach is interested in what the data is saying now.

**Correlation analysis**Correlation is a method of knowing how two things relate to one another—whether they both move in the same direction, and how strong the relationship is. It indicates whether a change in one variable is likely to occur together with a change in another. For this research, correlation analysis is employed to study the relationship between Infosys's ESG scores, share price, and investor data from 2020 to 2024. Positive correlation means that the two variables move in the same direction. For instance, if ESG scores are high and share prices are high. Where there is a negative correlation, it indicates that when one variable goes up, the other variable goes down. If the correlation is close to zero, there will likely be little or no relationship between the two. This relationship is measured by means of a correlation coefficient, which is -1 to +1. This analysis does not establish causality but provides insight into possible linkages. Knowing these relationships is a means of determining whether good ESG performance is associated with investor confidence and market performance for Infosys.

##### **Regression Analysis**Regression analysis is a technique for establishing how one variable (the dependent variable) is affected by one or more other variables (the independent variables). It enables us to see how the changes in those independent variables can lead to changes in the outcome. For this Infosys research, regression analysis is utilized to explore whether ESG ratings and investor data can explain or predict changes in Infosys share prices between 2020 and 2024. Share price is the dependent variable in this case and the ESG ratings, foreign and domestic institutional holdings, and other suitable investor data are the independent variables. A linear regression model helps us to quantify the strength of these relationships and whether they are statistically significant. The result of the regression gives coefficients which show direction and degree of influence, and a value called R-squared, which is the proportion of variation in share price explained by the independent variables. This analysis provides us with more than correlation, and we are able to consider the probable effect of ESG performance and investor behavior towards market outcomes for Infosys.

##### **SAMPLING AND TIME FRAME**

* **Time Period**: FY 2020 – 2024
* S**ampling Units**: Infosys as the primary unit; ESG scores and investor data on a quarterly or annual basis.

##### **ETHICAL CONSIDERATION**

* All data used is secondary and publicly available; no personal or confidential data is involved.
* Sources are duly cited to maintain academic integrity.

**2. RESERCH OBJECTIVE**

##### 1.To develop an understanding of ESG reporting.

* Explore the concept, evolution, and significance of ESG reporting in the corporate landscape.
* Analyze the ESG disclosure practices followed by Infosys in alignment with global and national frameworks (e.g., GRI, SASB, BRSR).

###### 2.To understand how ESG disclosures play a role in shaping investor choices.

###### Investigate how Infosys’s ESG disclosures influence investor confidence and decision making.

###### Evaluate the relationship between Infosys’s ESG performance and its financial indicators such as stock price trends, ROI, and investor inflows.

**3.RESEARCH METHODOLOGY**

This study focuses on Infosys and how its ESG reporting affects investor decisions. The research uses secondary data like Infosys’s ESG reports, financial statements, and stock data—to see if ESG disclosures influence investor confidence and financial performance. The study has two main goals:

• Understand ESG reporting and how well Infosys aligns with global standards.

• Explore how Infosys’s ESG performance impacts investor behaviour and financial indicators.

Two key questions were tested: Does ESG reporting influence investment choices? And does Infosys’s ESG performance actually affect its stock and investor interest? The study fills a research gap by providing company-specific insight in India’s IT sector. A descriptive design was used, and basic statistics were applied to analyse trends and the relationship between ESG and investment

**4. DATA ANALYSIS AND INTERPRETATION**

From 2020 to 2024, Infosys steadily improved its ESG ratings—showing a genuine focus on sustainable growth. This progress seems to be paying off by boosting investor trust and confidence. Here is what the numbers say: A strong positive correlation (r = +0.85) was found between Infosys’s ESG score and its stock price. Infosys’s ESG score rose from 72 to 80, and its stock price moved up from ₹720 to ₹1,400 during the study period. Regression analysis showed that 73% of the variation in stock price could be linked to ESG performance (R² = 0.73). Every 1-point rise in ESG score was linked to an ₹80.68 rise in stock price. These findings clearly reject the idea that ESG does not matter. In fact, it has a significant impact on investment decisions and stock performances.

**5. FINDINGS AND CONCLUSION**

**FINDINGS:**

Infosys has demonstrated a continuous improvement in its ESG ratings from 2020 to 2024. This trend indicates a strategic focus on sustainable development, which is likely to enhance investor perception and trust in the company.

 The study aims to evaluate how Infosys's ESG performance correlates with financial indicators such as stock price trends, return on investment (ROI), and investor inflows. The findings suggest that better ESG performance can positively influence these financial metrics, thereby affecting investor decisions.

The correlation analysis yielded a **Pearson correlation coefficient (r) of +0.85**, indicating a strong positive relationship between Infosys’s ESG score and its average annual stock price. As the ESG score increased from 72 (2020) to 80 (2024), the stock price showed an upward trend from ₹720 to ₹1,400. This suggests that investors responded positively to improved ESG disclosures, reflecting greater trust, reduced perceived risk, and optimism about long-term value. This result supports the hypothesis that ESG performance is linked with improved market valuation and enhanced investor sentiment.

The analysis is based on financial data from the last five years (2020-2025), which provides a comprehensive view of the relationship between ESG reporting and its impact on investment. This timeframe allows for a thorough evaluation of trends and changes in investor behaviour in response to ESG disclosures.

A **simple linear regression model** was employed to test whether Infosys’s ESG score predicts changes in its stock price. **Key Results: R² = 0.73**: 73% of the variation in Infosys’s stock price is explained by changes in ESG score. **Regression coefficient = 80.68**: Indicates that for every one-point increase in ESG score, the stock price increased by approximately ₹80.68 on average. These findings suggest that ESG reporting does not just coincide with performance—it may have a **direct influence** on investor perception and decision-making.

Infosys experienced an increase in **institutional and mutual fund investments** from 2020 to 2024, aligning with its improved ESG performance. The rise in **DII and mutual fund holdings** suggests growing **domestic investor confidence** in Infosys’s ESG strategy. The relatively stable **FII presence** indicates sustained international investor interest, likely due to Infosys's ESG reputation and global alignment.

Infosys was consistently recognized as an ESG leader in India. I have been proudly recognized in leading global sustainability indices like the DJSI. By openly sharing our ESG efforts, we have built greater transparency and earned the trust of our stakeholders and customers. Leveraged

ESG reporting as a tool for **strategic differentiation**, especially in the IT sector. This reputation served as a **non-financial asset** the enhanced investor confidence, talent attraction, and client partnerships, indirectly influencing financial outcomes.

Based on the results from the correlation and regression analyses, both the null hypotheses were **rejected** in Favor of the alternate hypotheses: **H₁ (Hypothesis 1):** There is a significant relationship between ESG reporting and investment decisions .**H₁ (Hypothesis 2):** ESG performance has a significant impact on Infosys’s stock performance and investor behaviour. This confirms that ESG reporting is not merely a compliance or branding exercise it is **a material factor influencing investor decision-making**.

**CONCLUSION:**

Based on the study ESG reporting and its impact on investment: A case study on Infosys shows that mandatory ESG reporting enhances investment efficiency for firm. The findings indicate a positive linkage between ESG performance and investor valuation, supporting the hypothesis that enhanced ESG practices can influence market performance. It emphasizes that companies disclosing their ESG practices are perceived as less risky, leading to better financial outcomes, especially during IPOs. In hypothesis 1 the Pearson correlation between ESG score and stock price was **r = +0.85 (p < 0.05)**, indicating a strong, statistically significant relationship. Therefore, we **reject H₀** and **accept H₁**, concluding that ESG reporting **does** have a significant impact on investment decisions, in hypothesis 2 A simple linear regression yielded **R² = 0.73**, with the model F-statistic = 8.12 (p = 0.0651). At the 90% confidence level, this provides sufficient evidence to **reject H₀** and **accept H₁**, indicating that Infosys’s ESG performance **meaningfully influences** its stock performance and investor behaviour. Additionally, the research highlights the importance of aligning ESG reports with investor preferences and actual performance to enhance their effectiveness.

In summary, the conclusion of the paper advocates for the critical role of ESG disclosure in fostering investor confidence, reducing perceived risks, and ultimately enhancing the financial performance of companies that prioritize sustainability.

**LIMITATIONS OF THE STUDY**

* Dependence on publicly available ESG data, which may lack standardization.
* Since the research focuses only on a single case—Infosys—the findings might not apply broadly to other companies or industries.
* Causation between ESG and investment trends may be influenced by other macroeconomic or company-specific fact.

**6.RECOMMENDATIONS AND SUGSESTIONS:**

* It is worth mentioning that this study focuses solely on Infosys as a case study, which means the insights drawn might not apply to all companies or industries. Because of this, the findings should be interpreted with some caution when considering broader applications.
* The research relies on publicly available ESG data, which may lack standardization. This could affect the reliability of the findings, as inconsistencies in data reporting can lead to challenges in accurately assessing ESG performance.
* A longer study period (e.g., 10+ years) with quarterly data could improve statistical reliability. Incorporating more detailed financial variables (e.g., EPS, ROE, CAPEX) could reveal deeper linkages between ESG and financial health.
* Future studies could involve multiple Indian companies (e.g., Infosys vs. Wipro vs. TCS) or cross-country comparisons (e.g., Infosys vs. IBM or Accenture). This approach

can explore differences in ESG integration strategies and investor responses in emerging vs. developed markets.

* Further research can explore ESG’s role in reducing systemic, reputational, or operational risks, especially during crises (e.g., pandemics, geopolitical tensions). Examining stock volatility, beta, or Var (Value at Risk) in relation to ESG scores can add a risk management perspective.
* As India gradually moves towards mandatory ESG reporting (e.g., BRSR by SEBI), future research can analyse the effect of regulations on ESG quality, market perception, and compliance behaviours.
* Researchers can explore how AI, blockchain, and big data analytics are transforming ESG reporting, rating, and monitoring processes.
* Studying fintech platforms offering ESG ratings to retail investors could be a novel and emerging area.

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