NSE-IIMB

'Corporate Governance'

Research Initiative

NSE Working Paper Series[1]

Corporate Sustainability Initiatives Reporting:

A study of India's most valuable companies

Prepared by

P.D. Jose

&

Sourabh Saraf

Corporate Sustainability Initiatives Reporting:

A study of India's most valuable companies

Prepared by: PD Jose and Sourabh Saraf[*]

Abstract

This study analyses the sustainability initiatives of India's top 100 companies across multiple variables related to sustainability. The study reveals significant variance in reporting across sectors as well as on the variables reported. The highest reported variables were related to corporate governance, followed by those related to CSR initiatives and measures to improve operational efficiency. Most initiatives in the area of CSR focused on four areas—education, healthcare, community livelihood, and infrastructure development. Operations-related measures included resource conservation (energy, water, paper) and waste management (emissions, solid waste, water). Less than 20% of the companies that were surveyed currently disclose information on sustainability issues related to the supply chain. The sectoral differences in reporting were also striking. The cement, metals and mining, electric utilities, and information technology sectors outperformed the other sectors on most indicators. The realty, telecom and TV, pharmaceuticals, and banking and finance sectors had not disclosed as much as the others did. The study also highlights areas for improvement. Voluntary sustainability reporting was still limited. Disclosures on CSR finances and donations were also nearly non-existent.

Corporate Sustainability Initiatives Reporting:

A study of India's most valuable companies

1 Introduction

This research study analyses the sustainability initiatives of India's most valuable companies as disclosed on their Websites, including the annual reports, sustainability reports, policies, and various codes. The objectives of this study are to investigate what type of information related to sustainability and business operations companies were currently being disclosed and to map the type of information to the industry type and sector.

2 Methodology

In the present study, specific sustainability initiatives taken up by the companies under study as disclosed on their Websites and in their annual reports, sustainability reports, policies, codes, and so on were considered for analysis. In general, Corporate Sustainability Initiatives (CSIs) were defined to include:

- Any voluntary action taken by the company to ensure reduced impact of their operations on the environment or the society beyond legal compliance;
- Those initiatives that are embedded in the core or mainstream business or are carried out by an extended arm of the corporate; and
- All initiatives that depict that the company in general is concerned about the social and environmental aspects along with the economic aspects explicit in its strategic behaviour or planning.
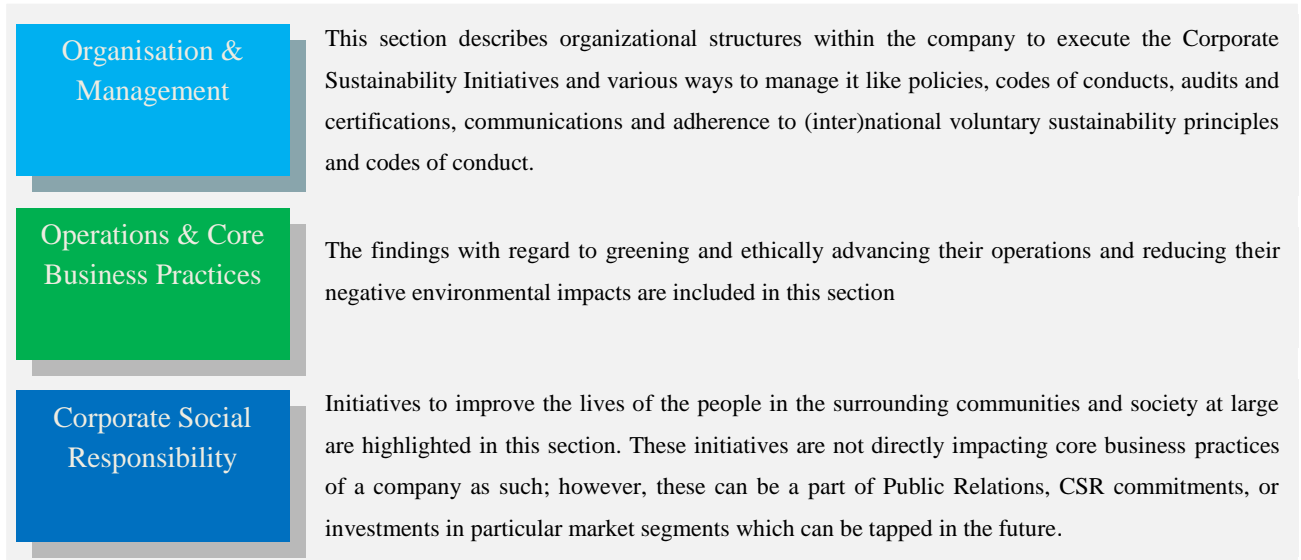
The research findings regarding the Corporate Sustainability Initiatives (CSIs) incorporated by the sample companies are reported in three sections—Organisation and Management; Operations and Core Business Practices; and Corporate Social Responsibility (CSR). These sections are briefly described in Figure 1.
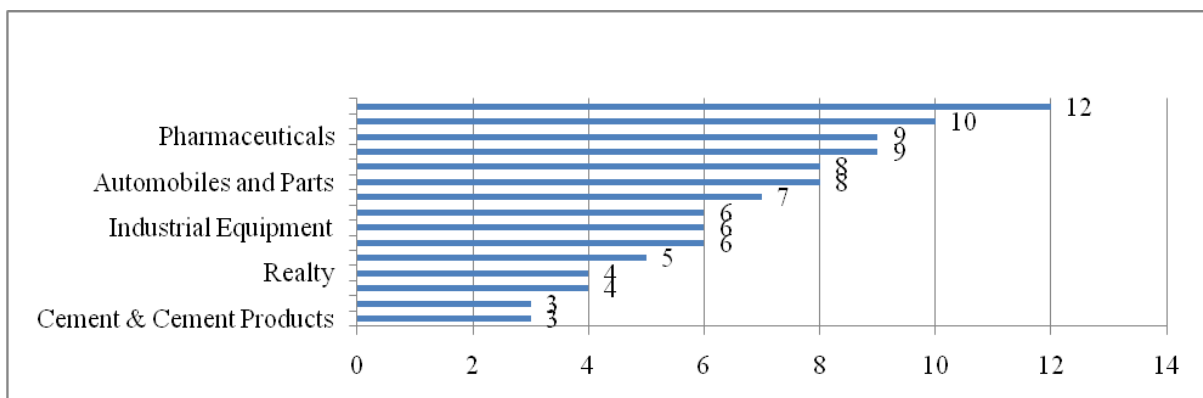
2.1 Sample Selection and Data Collection

In order to review the kind and extent of initiatives undertaken by the prominent companies of India to address the issues outlined earlier, the present study was carried out on a focus group of the 100 most valuable private sector companies, as rated by *Business Today 500* (*BT*

500) in 2010. For managing and analysing the data, these companies were classified into 15 different sectors as shown in Figure 2 and Table 1.

Figure 1: Research Findings Related to CSIs

Organisation & Management	This section describes organizational structures within the company to execute the Corporate Sustainability Initiatives and various ways to manage it like policies, codes of conducts, audits and certifications, communications and adherence to (inter)national voluntary sustainability principles and codes of conduct.
Operations & Core Business Practices	The findings with regard to greening and ethically advancing their operations and reducing their negative environmental impacts are included in this section
Corporate Social Responsibility	Initiatives to improve the lives of the people in the surrounding communities and society at large are highlighted in this section. These initiatives are not directly impacting core business practices of a company as such; however, these can be a part of Public Relations, CSR commitments, or investments in particular market segments which can be tapped in the future.

Figure 2: Sector-wise Distribution of Top 100 Companies in the Study Sample

2.2   Data Collection and Analysis

For the present report, data on the sustainability initiatives undertaken by these companies was collected from their respective Websites and/or from the information provided in their annual reports or CSR/sustainability reports. The period of data collection was July to September, 2011. The latest reports provided on their Websites were referred to for both the sectors in order to cull information on their sustainability initiatives.

Table 1: Sector-wise Classification of Companies

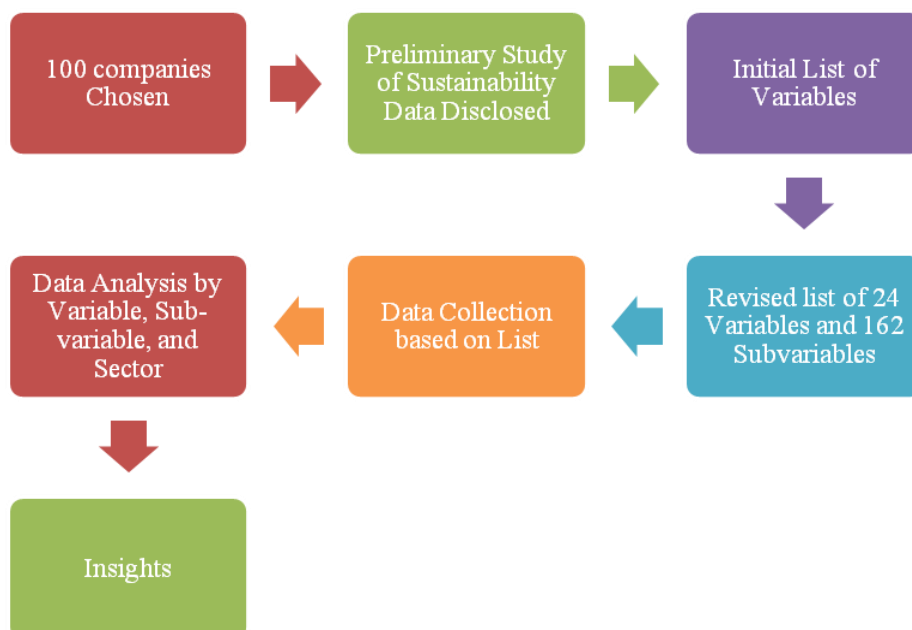| Sector	Company	Sector	Company	Sector	Company
Automobiles and Parts	• Bajaj Auto • Hero Honda Motors • Bosch • Exide Industries • Mahindra & Mahindra • Maruti Suzuki • Ashok Leyland • Tata Motors	FMCG	• ITC • Nestle India • Colgate-Palmolive (India) • Dabur India • Godrej Consumer Products • Hindustan Unilever	Oil & Gas	• Cairn India • Essar Oil • Reliance Industries • Castrol India
Banking & Finance	• Axis Bank • HDFC Bank • ICICI Bank • Indusind Bank • Kotak Mahindra Bank • Yes Bank • Infrastructure Development Finance Co. • Reliance Capital • Shriram Transport Finance • SKS Microfinance • Housing Development Finance Corpn. • Bajaj Holdings & Invst.	Industrial Equipment	• ABB • Crompton Greaves • Siemens • Suzlon Energy • Thermax • Cummins India	Others	• United Spirits • Adani Enterprises • Pantaloon Retail (India) • Aditya Birla Nuvo • Asian Paints • Indian Hotels Co. • Titan Industries • Grasim Industries • Jaybharat Textiles & Real Estate
		Infrastructure	• Jaiprakash Associates • Larsen & Toubro • Mundra Port & Special Economic Zone • IRB Infrastructure Developers • Jaypee Infratech	Pharmaceuticals	• Cadila Healthcare • Cipla • Divis Laboratories • Dr. Reddy's Laboratories • Glaxosmithkline Pharmaceuticals • Lupin • Piramal Healthcare • Ranbaxy Laboratories • Sun Pharmaceutical Industries
Cement & Cement Products	• ACC • Ambuja Cements • Ultratech Cement	IT Consulting & Software	• HCL Technologies • Infosys • Mahindra Satyam • Mphasis • Oracle Financial Services Software • Tata Consultancy Services • Tech Mahindra • Wipro		
Chemicals	• United Phosphorus • Tata Chemicals • Jain Irrigation Systems			Realty	• DB Realty • DLF • Housing Development & Infrastructure • Unitech
Electric Utilities	• Adani Power • GMR Infrastructure • Jaiprakash Power Ventures • JSW Energy • Lanco Infratech • Reliance Infrastructure • Reliance Natural Resources • Reliance Power • Tata Power • Torrent Power	Metals	• Hindalco Industries • Sterlite Industries • Jindal Steel & Power • JSW Steel • Sesa Goa • Tata Steel • Hindustan Zinc	Telecom and TV	• Sun Tv Network • Zee Entertainment Enterprises • Bharti Airtel • Idea Cellular • Reliance Communications • Tata Communications

Based on the information available, an initial list of different parameters was prepared, covering almost all the aspects of economic, social, and environmental responsibility initiatives that an organisation could undertake in order to operate in a sustainable manner.

After further analysis, this list was refined to include a total of 24 variables categorised into about 162 sub-variables. Overall, these 24 variables fall into the three sections that were described in Figure 1 (as shown in Table 2). The data was then analysed overall as well as sector-wise. In some cases, the sub-variables were also analysed for all 100 companies. The charts and trends arising from this data analysis led to interesting insights, which have been showcased throughout the report. Figure 3 illustrates the various steps of this study.

Table 2: Section-wise Classification of 24 Variables

| Organization & Management	Operations & Core Business Practices	Corporate Social Responsibility
• Organizational Structure • Policies • Internal Codes of Conduct • Voluntary Sustainability Principles and Codes of Conduct • Certifications and Audits • Communication with Employees and Stakeholders • Awards	• Green Operations • Climate Change • Research & Development • Greening Supply Chain • Renewable Energy • Health & Safety • Workplace	• CSR Finances • Donations & Sponsorship • Disaster Relief • Education • Healthcare • Infrastructure Development • Cultural Conservation • Community Livelihood • Environment Conservation • Other CSR Initiatives

Figure 5: Methodology adopted for the Study

100 companies Chosen → Preliminary Study of Sustainability Data Disclosed → Initial List of Variables → Revised list of 24 Variables and 162 Subvariables → Data Collection based on List → Data Analysis by Variable, Sub-variable, and Sector → Insights

3 Overall Findings

An analysis of the reported Corporate Sustainability Initiatives (CSIs) for the top 100 companies revealed that more than 90% of these companies had developed codes of conduct as well as internal policies (Figure 4). This indicates a strong emphasis at the top with respect to governance. After governance, the most reported initiatives were CSR-related (community livelihood, healthcare, education, and so on), operational efficiency-driven (green operations, including energy and resource conservation), or communication-centred initiatives.

Figure 4: Reported CSIs for Top 100 Companies Categorised According to 24 Variables
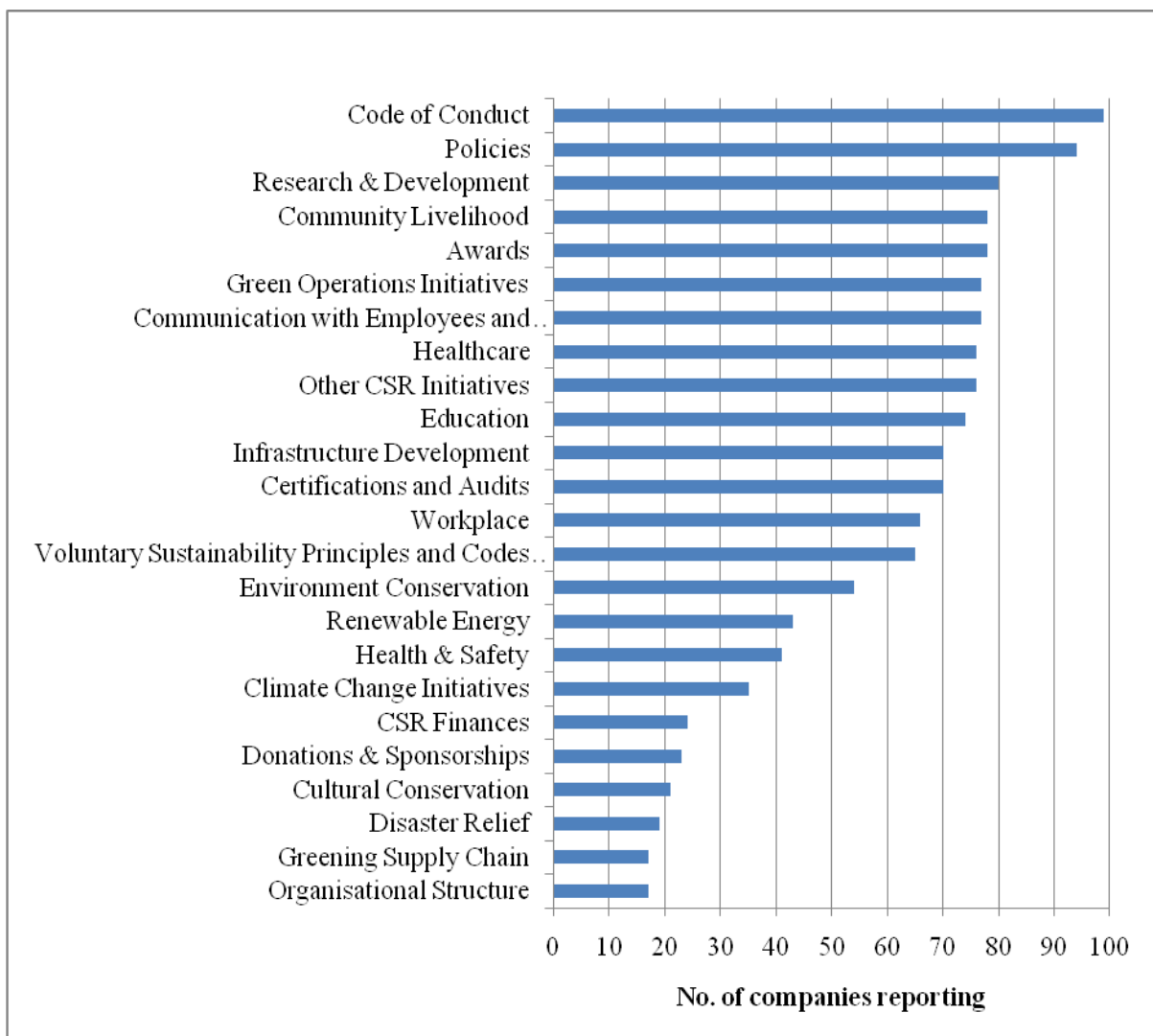
An analysis of the CSIs that were most reported by the top 25 and bottom 25 companies revealed that the difference lay not in which CSIs were reported (in fact, the same or similar CSIs were the most reported for both groups) but **the extent of data reported**. The top 25

companies were more likely to report on a greater number of CSIs than the bottom 25. More than 80% of the companies reported all the top 12 CSIs for the top 25 companies (Figure 5), whereas only 60% of companies reported all the top 11 CSIs in the bottom group (Figure 6). Figure 7 and Table 3 present the most reported data by top 5 sectors, which covers 47% of the companies.
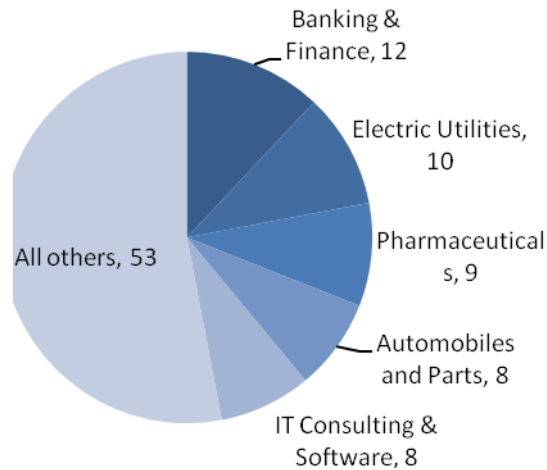
Figure 5: Top 12 Reported CSIs for Top 25 Companies
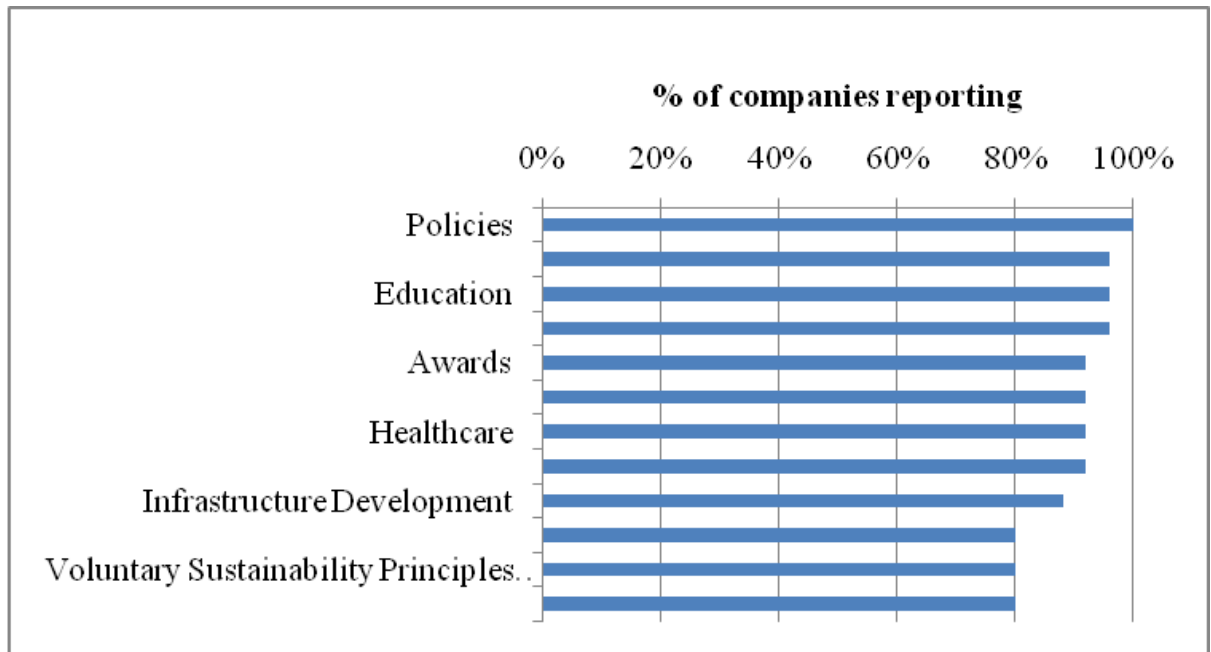
Figure 6: Top 11 Reported CSIs for Bottom 25 Companies
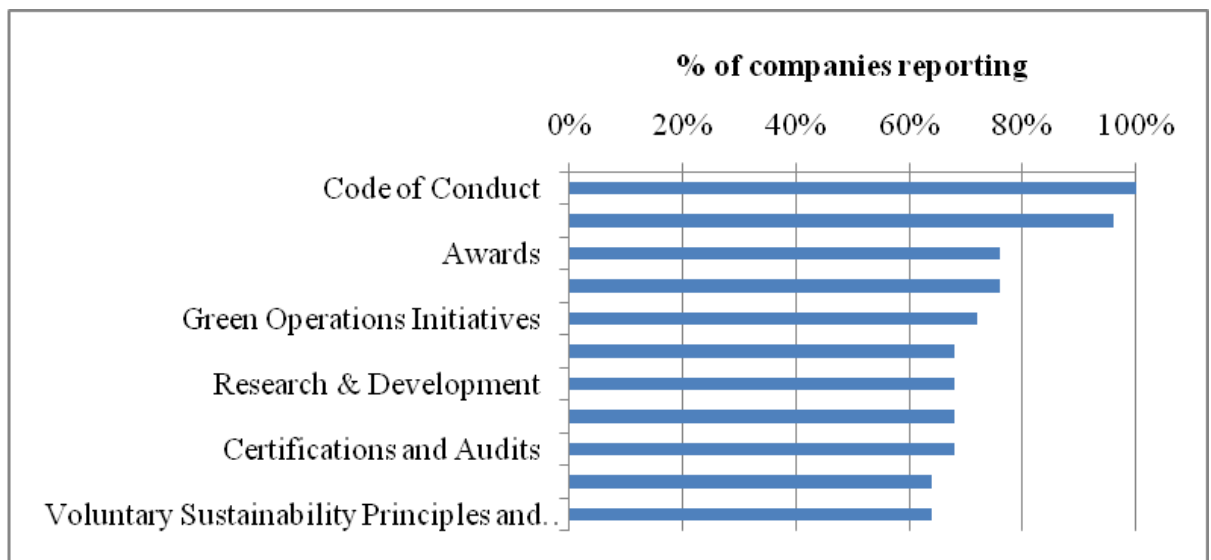
Figure 7: Most Reported Data by Top 5 Sectors (Covering 47% of the Companies)

Table 3: Sector-wise Distribution of Most Reported CSIs

Banking & Finance	• Code of conduct • Awards • Policies • Research & development • Voluntary sustainability principles and codes of conduct
Electric Utilities	• Code of conduct • Policies • Communication with employees and stakeholders • Education • Voluntary sustainability principles and codes of conduct • Healthcare • Community livelihood • Green operations initiatives
Pharmaceuticals	• Policies • Research & development • Code of conduct • Healthcare • Green operations initiatives • Certifications and audits
Automobiles and Parts	• Code of conduct • Other CSR initiatives • Policies • Research & development • Healthcare • Awards • Community livelihood
IT Consulting & Software	• Code of conduct • Policies • Community livelihood • Workplace • Other CSR Initiatives • Research & development

	• Awards
	• Green operations initiatives
	• Certifications and AUDITS
	• Education
	• Communication with employees and stakeholders

4   Organisation and Management

In order for companies to become more sustainable entities, they need to incorporate sustainability principles through goals and objectives, vision, mission, strategies, management practices, and operations. Companies can apply different methods to achieve this, such as changing their organisational structure, updating their policies and codes of conduct, having their practices verified and certified, and communicating any changes in management, operations, and progress towards more sustainable business practices to their employees and customers.

The various CSIs that fall under this category are listed in Table 4.

Table 4: Organisation and Management CSIs

CSI	Description
Organisational Structure	Special structural arrangements to address Corporate Sustainability Initiatives: • Environment department, CSR department, R&D department for sustainable issues, and Health & Safety department
Policies	Policies related to sustainability used by the company: • CSR, environment, health & safety, HIV/AIDS, human resources, quality, and any other policies related to corporate governance
Internal Codes of Conduct	Sustainability-related concepts that are included in a company's codes of conduct: • Compliance with laws, diversity, environment, equal opportunities, differently-abled people, gender, non-discrimination, harassment, health & safety, society, whistle blowing
Voluntary Sustainability Principles and Codes of Conduct	Adherence to voluntary principles and codes of conduct related to sustainability, developed by external organisations and adopted by the company: • Global Reporting Initiative (GRI), United Nations Global Compact (GC), Carbon Disclosure Project and Millennium Development Goals (MDGs), and sector-specific initiatives
Certifications and Audits	Verification and certification of current systems and practices to identify progress towards sustainable business practices: • AA1000, ISO14000 and 9000 series, OHSAS18000, Quality certification, SA8000, and Six Sigma
Communication with Employees and Stakeholders	Communication with employees about sustainability and with consumers about products and services (safe usage, life-cycle, etc.)

Awards	Awards received for CSR, energy conservation, environment conservation, green building, quality, R&D, resource conservation, safety, sustainability, water conservation, and so on

4.1 Organisational Structure

In this study, the focus was on the existence of departments such as environment departments, CSR departments, safety departments, or centres within a company that focus on these respective areas. Many companies have either separate departments or a consolidated Health, Safety, and Environment (HSE) department with a manager or an employee to look after the functioning of environmental measures, safety, and the implementation of CSI.

CSR Department: The CSR department would be responsible for implementing the CSR initiatives of the company.

Environment Department: The aim of this department would be to focus on the environmental management of the operations of the company and regularly monitor the efficiency of the manufacturing processes to ensure compliance with environmental standards.

Safety Department: This department would be responsible for maintaining the safety of the employees as well as the factories. The responsibilities could include training manpower, conducting audits and mock drills, framing policies, conducting health check-ups, and taking up other initiatives that improve safety.

Figure 8 presents the percentage of companies in each sector that report specific departments in charge of CSR, Health & Safety, and/or Environment.

4.2 Policies

Policies are issued by companies for their employees on various issues; the employees are required to comply with these policies. In this study, we looked at the policies for environment protection, CSR, HSE, HIV/AIDS prevention, Total Productivity Management, and any other sustainability-related policy. Figure 9 presents the percentage of companies in each sector that reported internal policies. Figure 10 presents the number of companies reporting various types of internal policies.

Figure 8: Sector-wise Percentage of Companies Reporting Departments for CSR, Health & Safety, and/or Environment
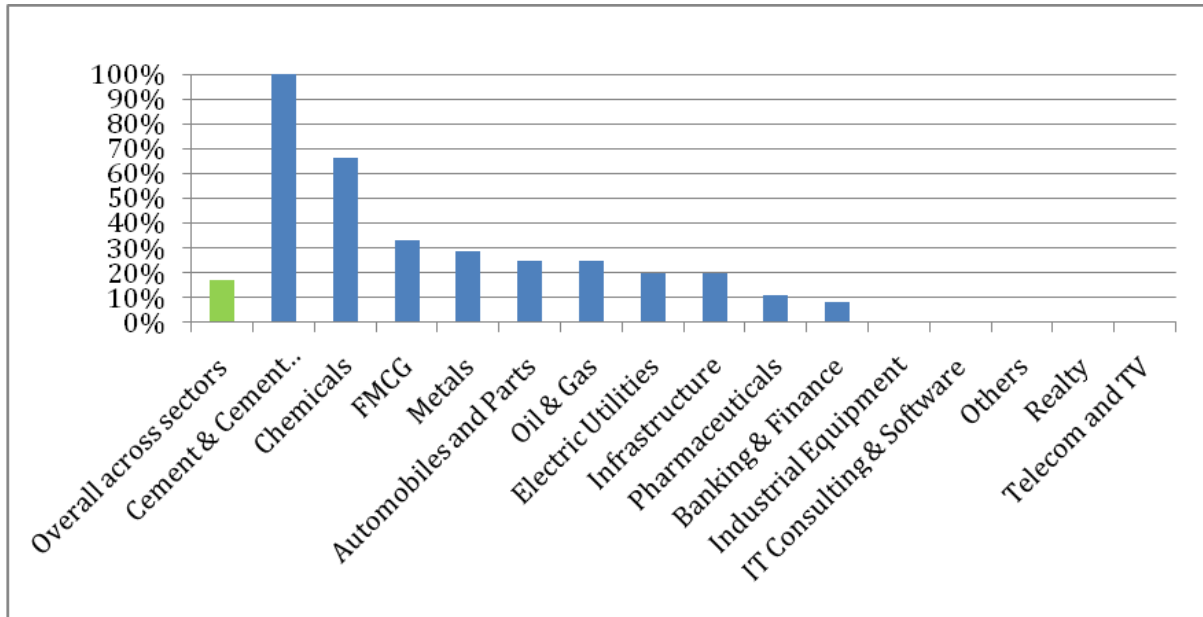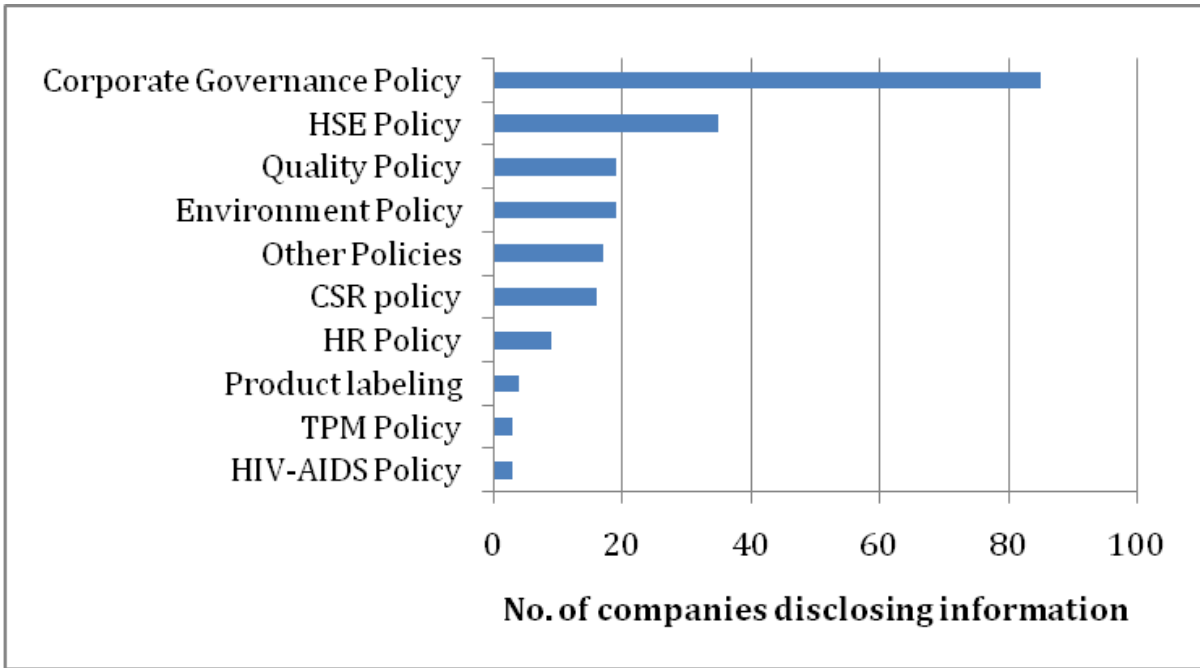

**Figure 9: Sector-wise Percentage of Companies Disclosing Internal Policies**
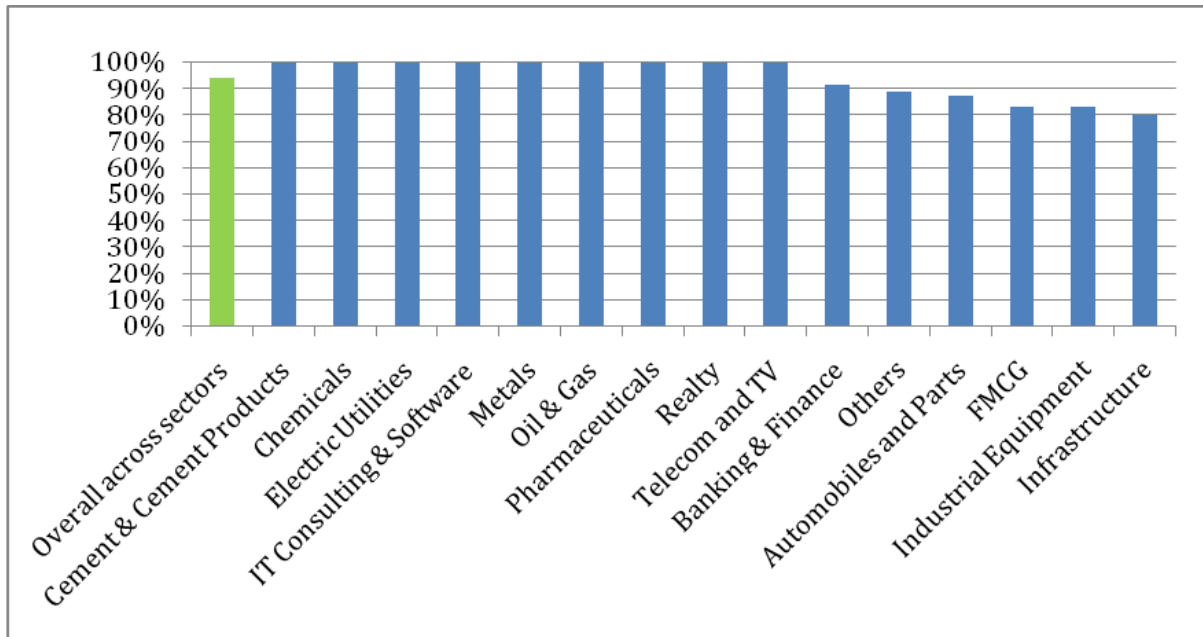
4.3   Internal Codes of Conduct

A vast majority of the top 100 companies have either formulated their own codes of conduct or have disclosed elements that usually form codes of conduct. Figure 11 presents the data pertaining to the percentage of companies in each sector with a code of conduct. Figure 12 shows the number of companies that disclosed various elements of a code of conduct.

**Figure 10: Number of Companies Reporting Different Types of Internal Policies**

Figure 11: Sector-wise Percentage of Companies with a Code of Conduct
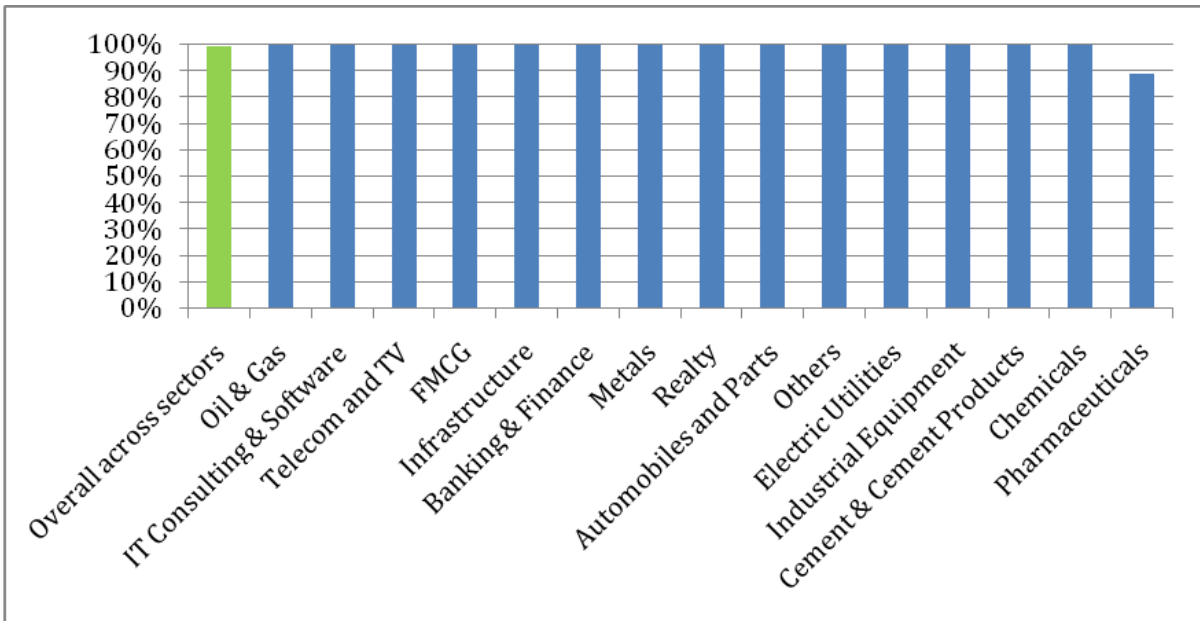
4.4 Voluntary Sustainability Principles and Codes of Conduct

Companies can adopt various voluntary principles and codes of conduct that are relevant to them and are designed for their specific sectors and industries. In some instances, they can join organisations as members and work together with other companies and stakeholders to enhance their sustainability practices. Over 60% of the surveyed companies had adopted voluntary codes of conduct (Figure 13 and Figure 14).

**Figure 12: Number of Companies Disclosing Various Elements of a Code of Conduct**
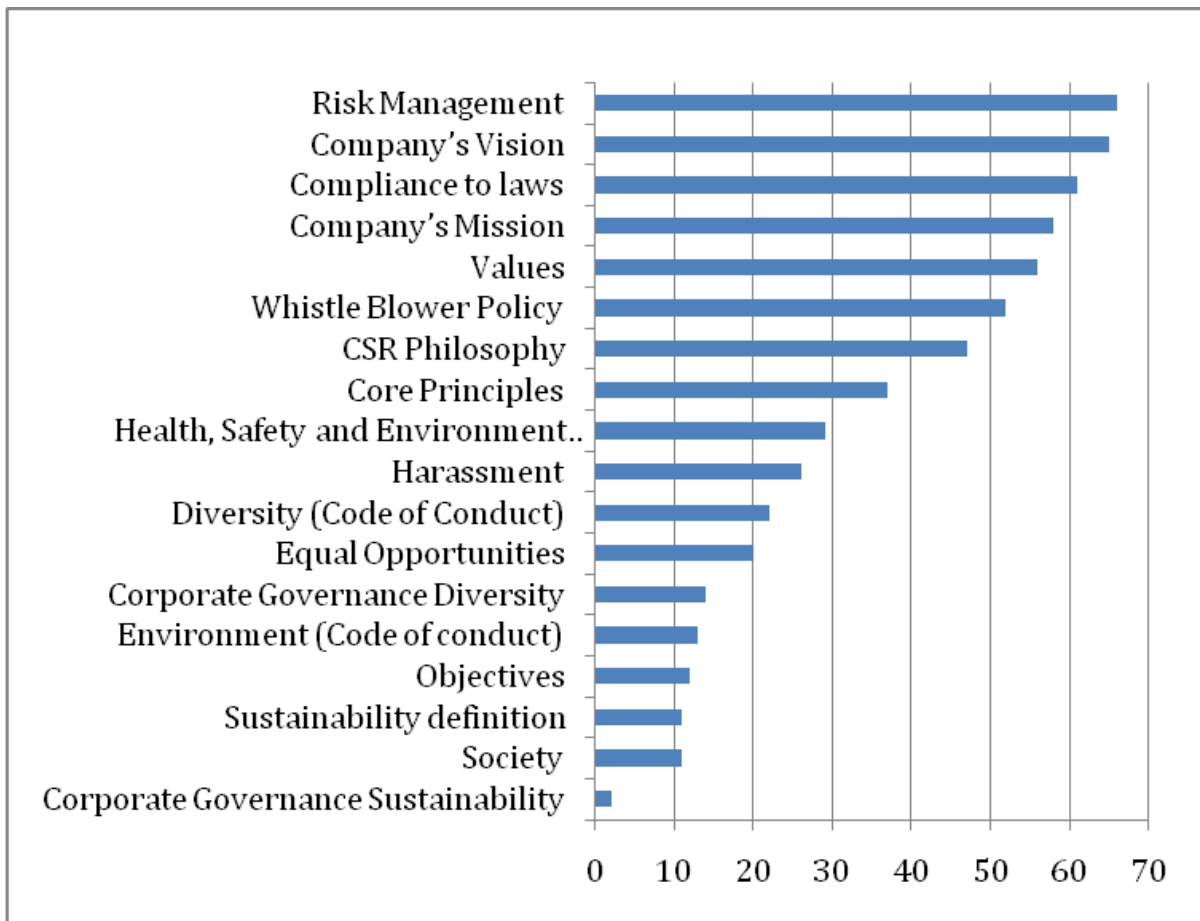
The Global Reporting Initiative (GRI) Sustainability Reporting Framework, the Carbon Disclosure project, and the United Nations Global Compact (GC) are the three most popular global sustainability initiatives that companies can become a member of; the member companies must adhere to the principles of these initiatives and use their guidelines for reporting progress on incorporating sustainable business practices. About 25% of the companies studied had published GRI-based Sustainability Reports.

Sectors such as infrastructure, cement, electric utilities, and metals and mining were found to have the highest percentage when it came to reporting on voluntary sustainability principles. This could be linked to the requirements for a licence to operate for these sectors.

Another global initiative that can be used by companies to help them progress on their sustainability path is the Millennium Development Goals (MDG). The MDG includes 8 target goals set by the United Nations that are to be achieved by countries across the world by 2015.
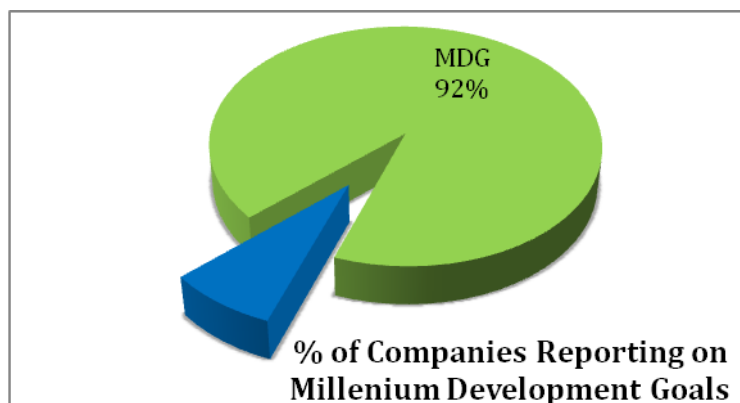
Figure 13: Number of Companies Adopting Voluntary Sustainability Principles and Codes of Conduct
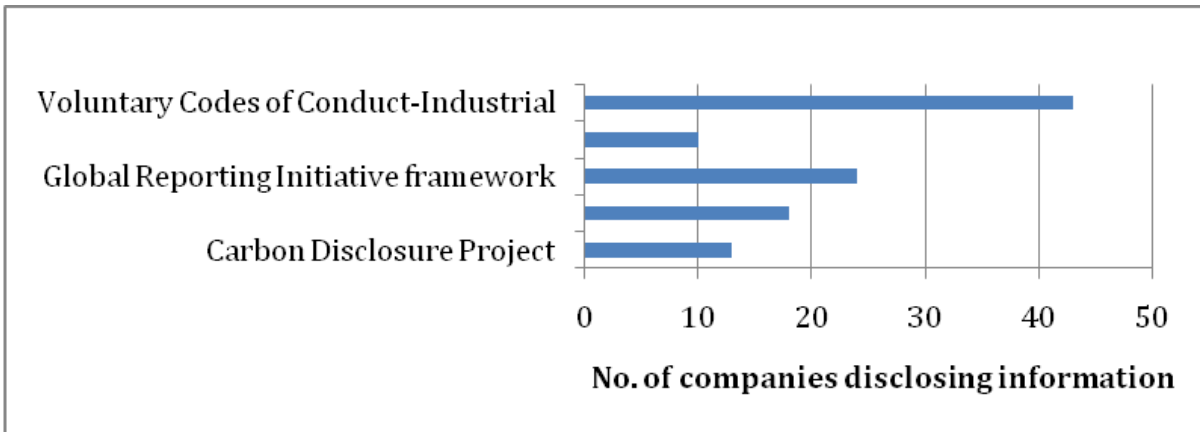
Figure 14: Sector-wise Percentage of Companies Reporting Voluntary Sustainability Principles
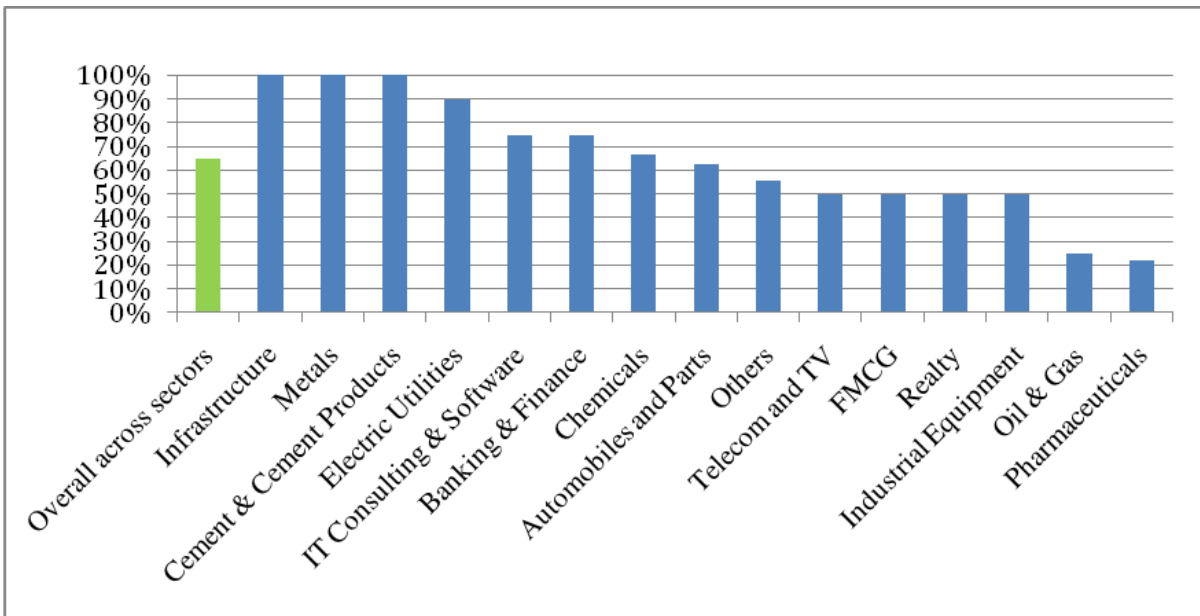
Figure 15: Percentage of Companies Reporting on Millennium Development Goals

4.5 Certifications and Audits

After implementing corporate sustainability initiatives, companies need to analyse their performance and progress towards their objectives and goals. Audits are conducted to verify and assess the implemented systems. Companies can also apply for certification for various sustainability-related initiatives such as health and safety measures, environment management, quality management, six sigma, and social accountability.

The International Organization for Standardization (ISO) has developed the ISO 14000 series and the ISO 9000 series for Environment Management System and Quality Management, respectively, which are certification schemes that can be applied by companies. The certifications are handed out by third parties after third-party audits have been conducted. Implementing ISO standards assists organisations in producing services and products through more efficient, safer, and environmentally friendlier processes. Both ISO 9000 as well as ISO 14000 can be applied by service sectors, manufacturing companies, big or small organisations, private or public owned organisations, companies, and enterprises.

A review of the certifications that the companies underwent shows that environment, health and safety, and quality are the most popular focus areas for companies (Figure 16). Most companies are not mature enough to undergo human and social rights certifications (SA 8000). It is also evident that audits are an emerging trend and it may take a while before more companies commit to conducting energy and safety audits. Only 17 of the 100 companies studied conducted audits. Figure 17 presents the percentage of companies in each sector that reported certifications and/or conducted audits.

The telecom and TV, banking and finance, and realty sectors did not seem to be as mature as the other sectors when it came to certifications and audits.

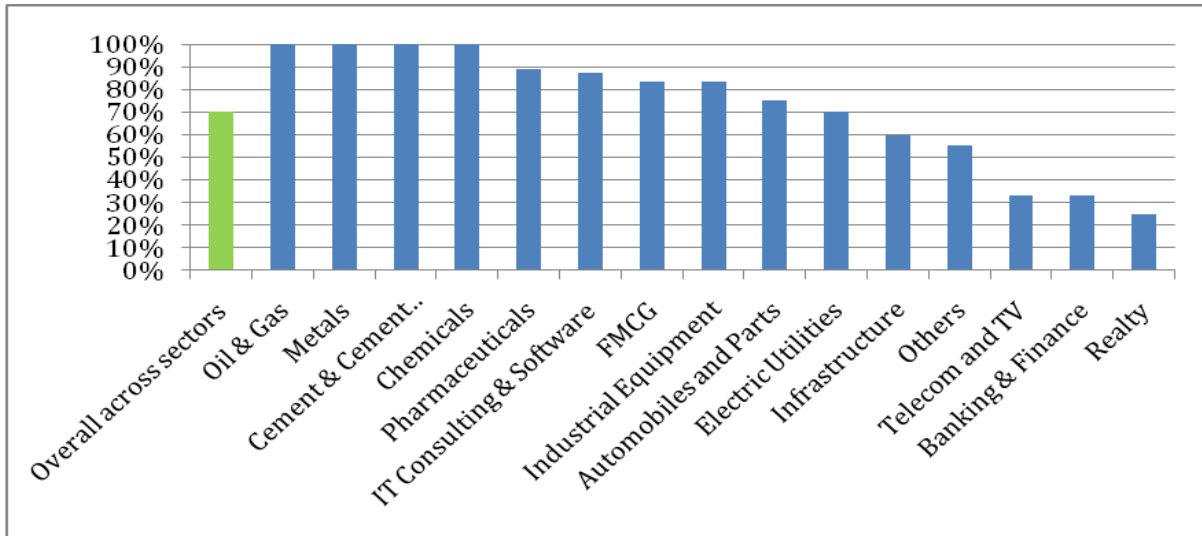## 4.6 Communication with Employees and Stakeholders

Every company communicated the policies, functioning, and other aspects to its employees through various mediums such as notices, emails, newsletters, and so on. Almost every company provided customer services to their customers and had a customer feedback system and a complaint system. The only sector that did not seem as mature as the rest was the telecom and TV sector. Figures 18 and 19 present the data related to communication with employees and stakeholders.
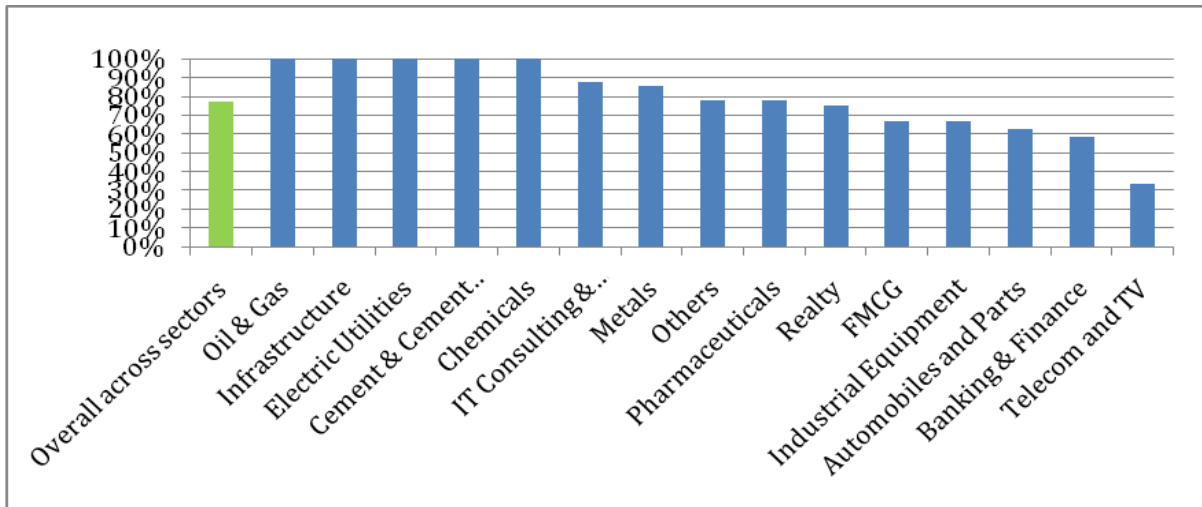
Figure 16: Number of Companies Disclosing Information Related to Certifications and/or Audits
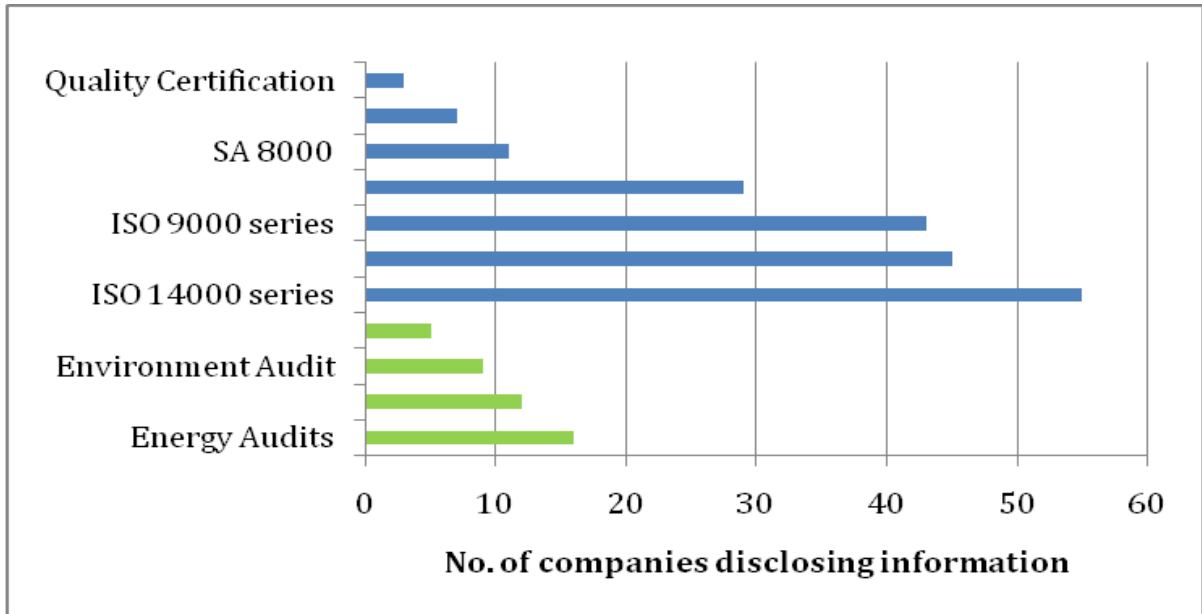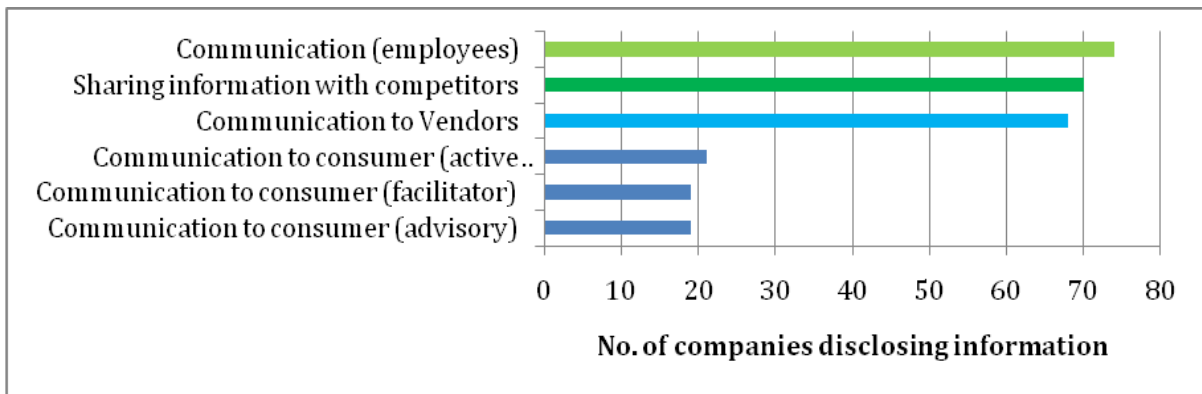

Figure 17: Sector-wise Percentage of Companies Reporting Certifications and/or Conducting Audits

Figure 18: Sector-wise Percentage of Companies Reporting Communication with Employees and Stakeholders

Figure 19: Number of Companies Disclosing Information Related to Communication with Employees and Stakeholders


4.7 Awards

Most of the companies disclosed information related to the awards won for various activities. These included awards received for CSR, energy conservation, environment conservation, green building, quality, R&D, resource conservation, safety, sustainability, water conservation, and so on.

Nearly 80% of the companies studied had won an award in one of these categories (Figure 20). This indicates that the vast majority of the top 100 companies are doing laudatory work in at least one CSR- or environment-related area. Oddly enough, there seems to be little correlation between following voluntary sustainability guidelines such as the GRI, UNGC, etc. and winning awards. For instance, the electric utilities and infrastructure sectors had the high percentages when it came to following voluntary guidelines but seemed to lag when it

came to winning awards. However, sectors like metals and cements did well in both these variables.

Figure 20: Sector-wise Percentage of Companies that Received Awards
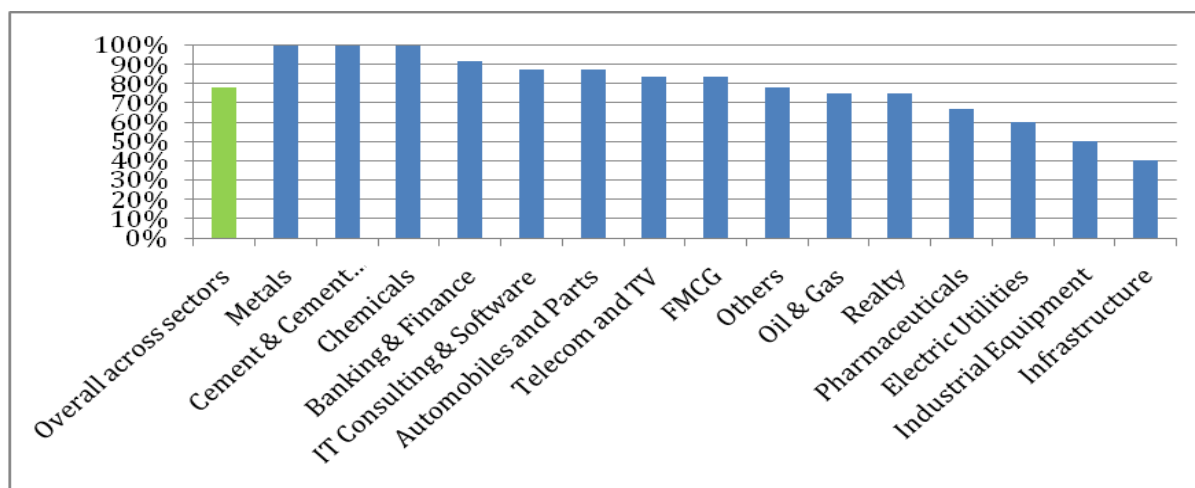
5 Operations and Core Business Practices

The initiatives studied under this section are listed in Table 5.

Table 5: Initiatives Related to Operations and Core Business Practices

CSI	Description
Green Operations	Steps towards recycling and conservation of resources: • Product materials, packaging, waste materials, water, energy, offering take-back facility for recycling Controlling and prevention of air, noise, water, and soil pollution Reducing emissions, eliminating toxic and hazardous elements Managing solid waste, waste water and by-products efficiently Developing green belt
Climate Change	Combating climate change through: • Carbon trading, clean development mechanisms, reduction in CO_2 emissions, reduction in other greenhouse gases (GHGs), and CO_2 sequestration
Research & Development	Innovating eco-friendly processes or products as well as regularly investing in R&D for inventing them through: • Collaborating with R&D institutions, efficient finance allocation, staff allocation, and other sustainability initiatives
Greening Supply Chain	Initiatives carried out for greening the supply chain: • End-of-life initiatives (recycling and return facilities), efficient use of raw materials, vendor management
Renewable Energy	Usage of various forms of renewable energy: • Alternate fuels, solar energy, wind energy

Health & Safety	Taking care of health and safety (HS) of employees and society at large:
	• HS policies, HS training, and other HS initiatives
Workplace	Any procedure or practice being taken by the company:
	• To be non-discriminative, to be child labour free, to promote equality, and to provide equal opportunities for differently-abled/ underprivileged people

5.1   Green Operations

In greening its business operations, a company implements measures for pollution control and environmental conservation. Manufacturing companies have their products fabricated at factories or plant units that have to adhere to particular environmental laws and regulations. For instance, in India, companies are required to maintain their emissions within the standards set under the rules and regulations as decided by the government. Service-providing companies might have less environmentally negative impacting business operations than manufacturing companies; nevertheless, the operations of service companies also have an impact on the environment.

This section focuses on the technologies and measures adopted by the companies to control emissions from their manufacturing or service units as well as the additional steps undertaken by them to protect the environment.

By far, energy seems to be the driving factor for greening operations in Indian companies. This is not surprising given that energy costs are rising and form a significant part of operating expenses. Energy efficiency initiatives are also maturing, with several companies switching to more efficient HVAC, lighting, and computing systems. The conservation of other inputs such as water and other resources (such as paper) comes next.

Managing outputs in terms of waste and emissions forms the next most important driver. These outputs can be varied and include solid waste management, recycling, wastewater treatment, and air pollution control.

About 80% of all companies that were studied reported at least one green operations initiative (Figures 21 and 22). This high percentage could be linked to the economic benefits such as lower operating costs that result from implementing such initiatives. Unsurprisingly, the sectors that had an impact on the environment such as oil and gas, mining, and other manufacturing-related companies disclosed information on their green operations. This was also true for sectors such as IT where energy and water costs make up a significant part of the

operating costs. However, sectors like Telecom and TV and Banking & Finance do not display the same level of maturity as compared to the rest of the sectors.

Figure 21: Number of Companies Disclosing Information Related to Green Operations Initiatives
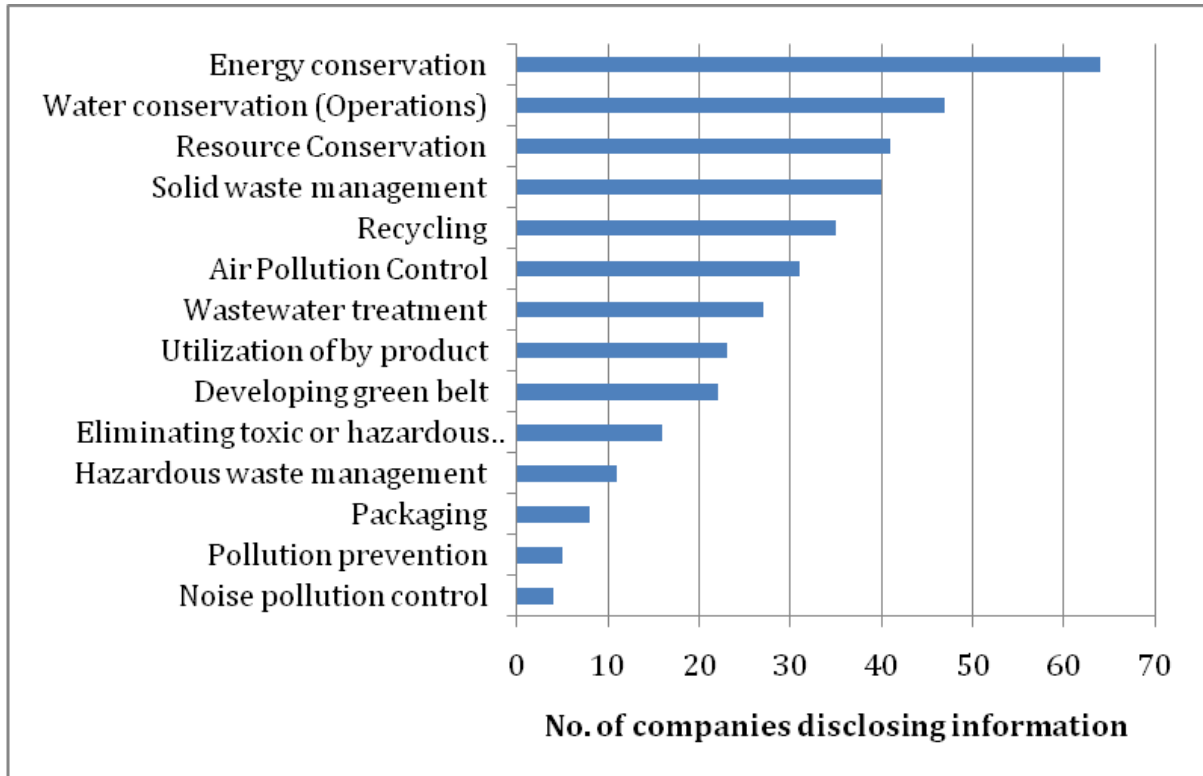
Figure 22: Sector-wise Percentage of Companies Reporting Green Operations Initiatives
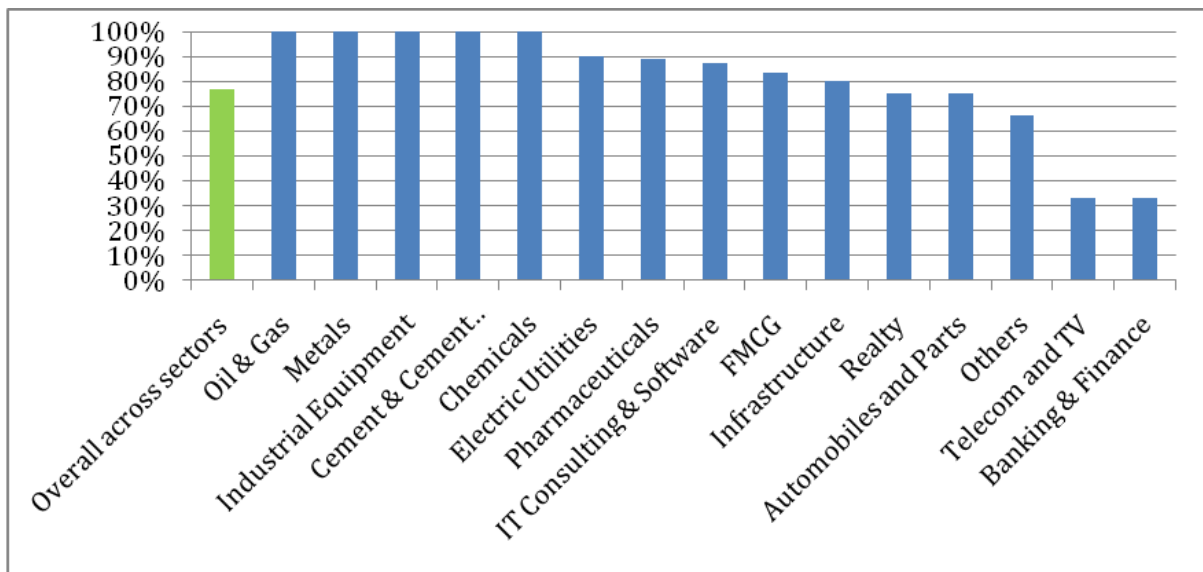
5.2   Climate Change

Climate change initiatives can include the following:

Carbon Trading: Companies could be involved in trading carbon credits with other companies or any other entities. Companies could sell their credits by saving on the carbon emissions from their manufacturing units.

Clean Development Mechanism (CDM): Projects are taken up by companies in adopting Clean Development Mechanism to reduce their carbon emissions

Reduction in CO2 Emissions: Initiatives are taken by the companies as part of their operations to reduce carbon dioxide emissions. This includes new technologies and practices adopted by the company to curb carbon emissions from their units and other information such as emissions reduced annually by the company, new targets set by the company, etc.

Reduction in GHGs: Practices are adopted by companies to reduce other greenhouse gases such as methane, water vapour, nitrous oxide, etc.

Sequestration: Measures are taken by the company to sequester carbon dioxide by promoting forestry, afforestation, tree plantation, or the planting of any kind of vegetation as trees and plants help in the sequestration of carbon dioxide. Some of the other natural sequestrants include oceans and soil.

As discussed in the previous section, nearly 80% of the companies focussed on greening operations. Compared to this, the focus on climate change was not as intense, with only a little over 30% of the companies disclosing information on climate change initiatives. The focus on energy conservation has the happy side effect of reducing emissions while also reducing costs, whereas solely focussing on climate change does not seem as attractive. This is evident in the distribution of the climate change initiatives undertaken by the companies—carbon and GHG reduction ruled the roost. Initiatives like sequestration and carbon trading—which may not have a direct bottom-line impact—did not seem to find favour with the companies. The data related to the number of companies reporting climate change initiatives is presented in Figure 23.

The cement, metals, and utilities outperformed all the other sectors when it came to climate change initiatives (Figure 24). This may be considered part of these sectors' efforts to maintain their licence to operate.

Figure 23: Number of Companies Disclosing Information on Climate Change Initiatives
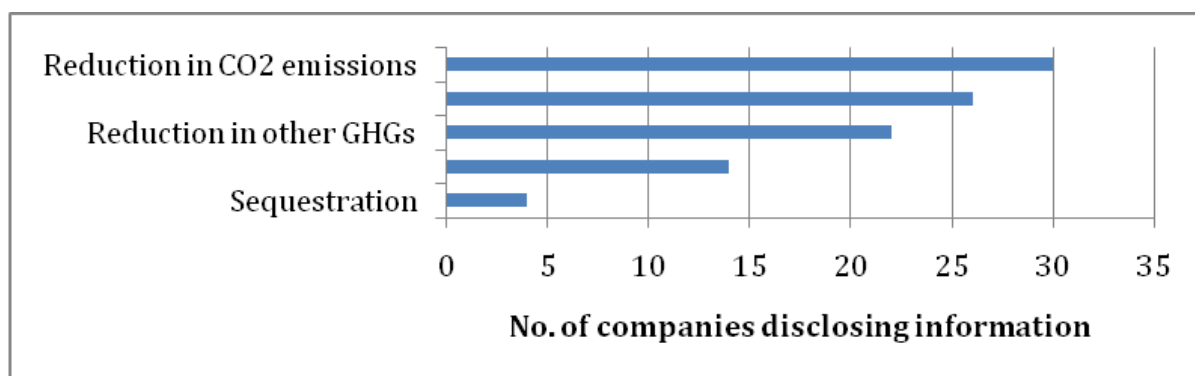
Figure 24: Sector-wise Percentage of Companies Reporting Climate Change Initiatives
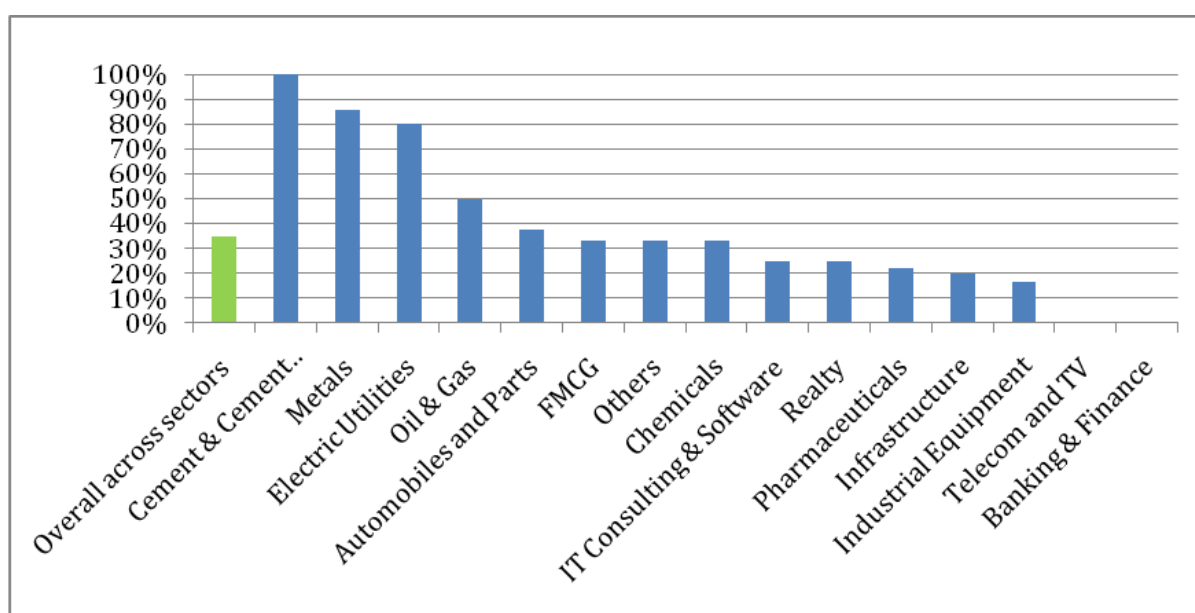

5.3   Research & Development

Major manufacturing companies have their own research and development (R&D) centres to conduct research on improving their manufacturing processes in order to conserve energy and water, remove toxic elements, improve packaging and product development, and so on. This section looks into the R&D efforts of the companies that were studied and examines what measures they adopted to make their processes and products environment friendly. The major focus of this section is R&D from a sustainability perspective.

As shown in Figures 25 and 26, developing environment-friendly products and processes did not seem to figure high on the list of R&D priorities for these companies.

Figure 25: Number of Companies with R&D Initiatives for Sustainability
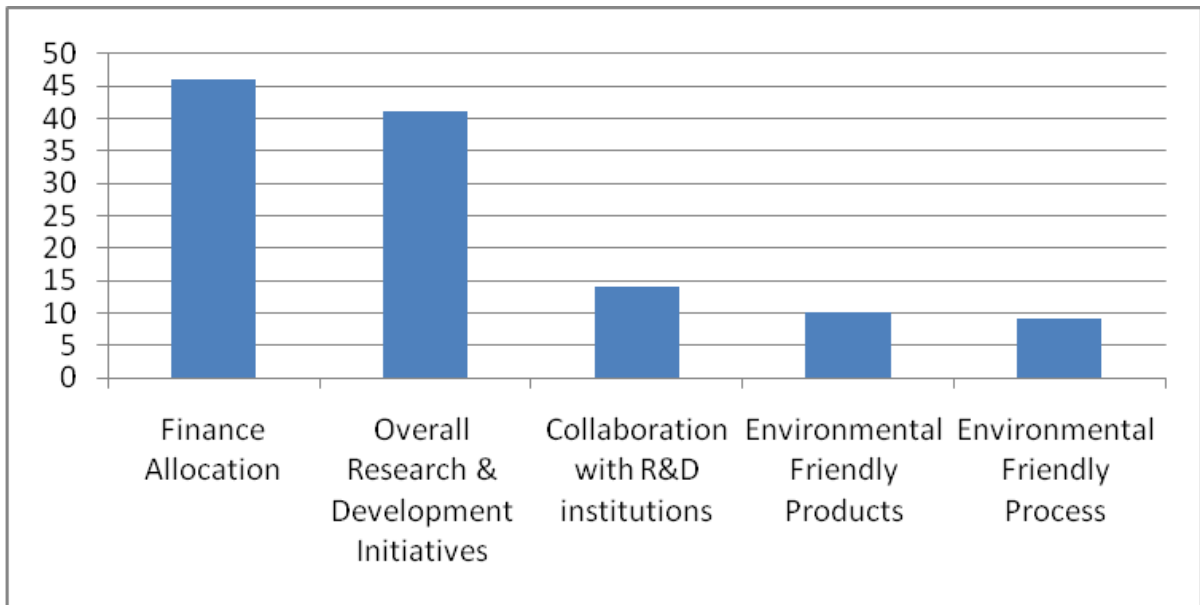
Figure 26: Sector-wise Percentage of Companies Reporting R&D Initiatives
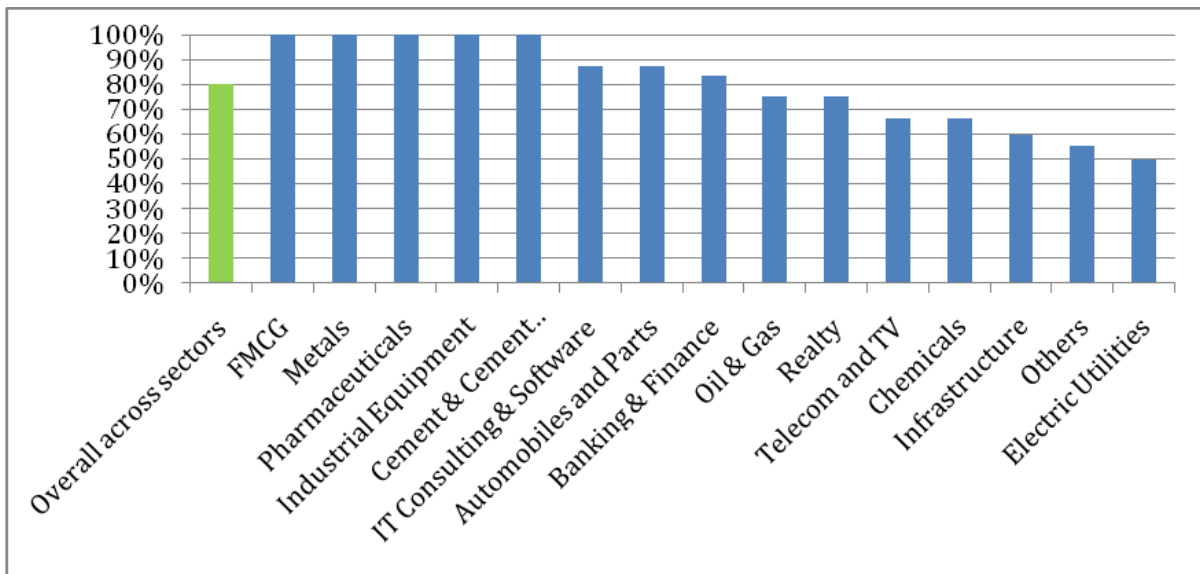
5.4 Greening Supply Chain

Greening of the supply chain refers to incorporating practices along the supply chain that cause minimum or no environmental harm. They include:

End-of-life: Companies take back or recycle products at the end of their life cycle.

Supply Chain Initiatives: Companies could adopt green supply chain initiatives such as sourcing raw materials in a sustainable manner, emphasising that suppliers as well as dealers should be socially and environmentally responsible, communicating supply

chain policies to suppliers, and any other measures to implement greening of the supply chain.

Vendor Management: Initiatives could be taken by the company to manage vendors and dealers to ensure they follow green supply chain practices.

Greening the supply chain is one area where the overall maturity of the top 100 companies is very low. Barely 20% of the companies disclosed any information in this area (Figures 27 and 28). The focus here seemed to be on managing vendors and in sourcing raw materials in a sustainable manner. Very few companies focussed on end-of-life supply initiatives.

The leaders in this area were the FMCG and cement sectors, with the rest of the sectors performing poorly quite uniformly. Given the relative immaturity of this area, greening the supply chain (if done right) can be a differentiating factor and a source of competitive advantage for companies.

Figure 27: Sector-wise Percentage of Companies Reporting on Greening Supply Chain
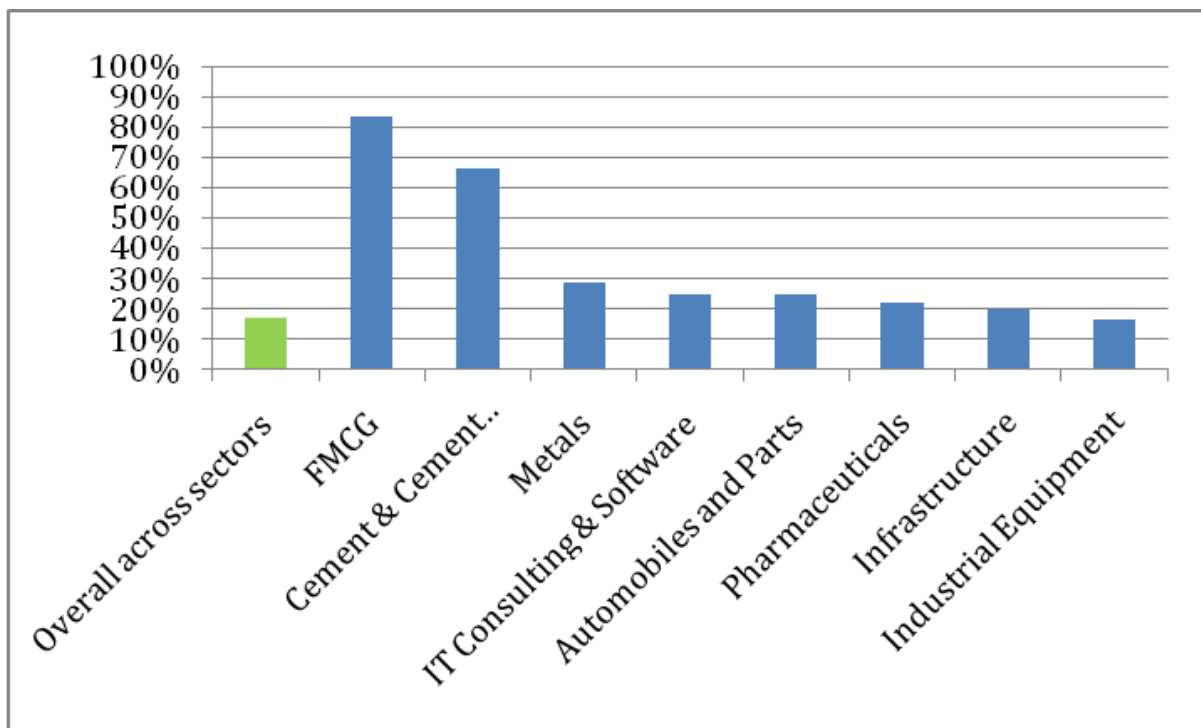
Figure 28: Number of Companies Reporting Greening Supply Chain Initiatives
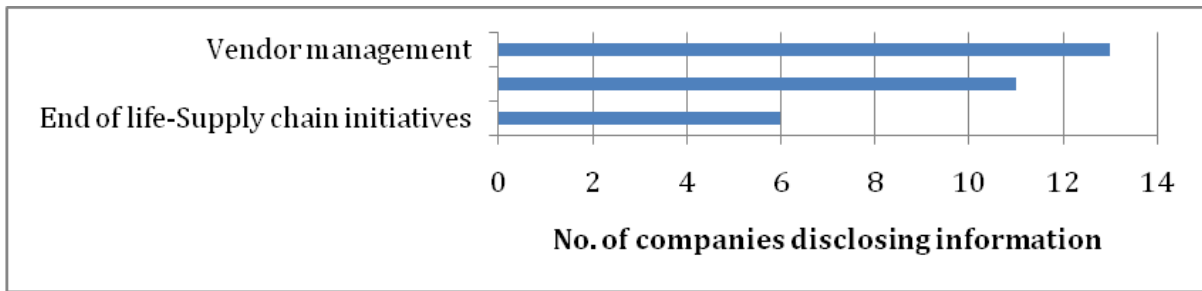
5.5   Renewable Energy

Renewable energy in the form of solar energy, wind energy, biogas, biofuels, and other alternate forms of energy are being utilised by many companies. Renewable forms of energy are cleaner and non-exhaustive. The shortage of non-renewable energy such as petrol, diesel, coal, and other fuel oils have pushed industries to look for alternatives and incorporate them into their manufacturing processes as an energy source. This study incorporated companies that promoted clean non-renewables such as LPG and CNG. In this section we considered:

> **Alternate fuels:** The use or promotion of biofuels, bagasse, biogas, or other forms of cleaner fuels for production purposes that lead to energy efficiency, zero emissions, and pollution control.

> **Solar energy:** The use of solar energy as a source of energy within the company for its operations.

> **Wind energy:** The use of electricity generated using wind power as a source of energy for the operations of the company.

A little over 40% of the companies studied disclosed information on using renewable fuels (Figures 29 and 30). Solar energy was by far the most popular, followed by wind energy. This focus on renewable energy is not surprising considering that 65% of the companies follow some sort of energy conservation initiative. It is heartening to see that sectors such as oil and gas, automobiles, and chemicals—which are intrinsically tied to fossil fuels—were focusing on renewable energy. It is also good that the electric utilities sector was focusing on finding cleaner sources of energy.

Figure 29: Number of Companies Reporting Use of Various Types of Renewable Energy
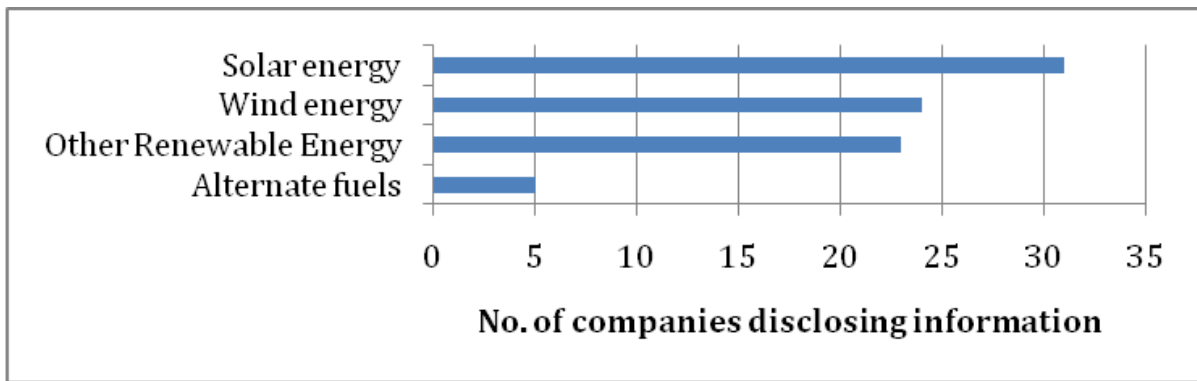

Figure 30: Sector-wise Percentage of Companies Reporting on Renewable Energy
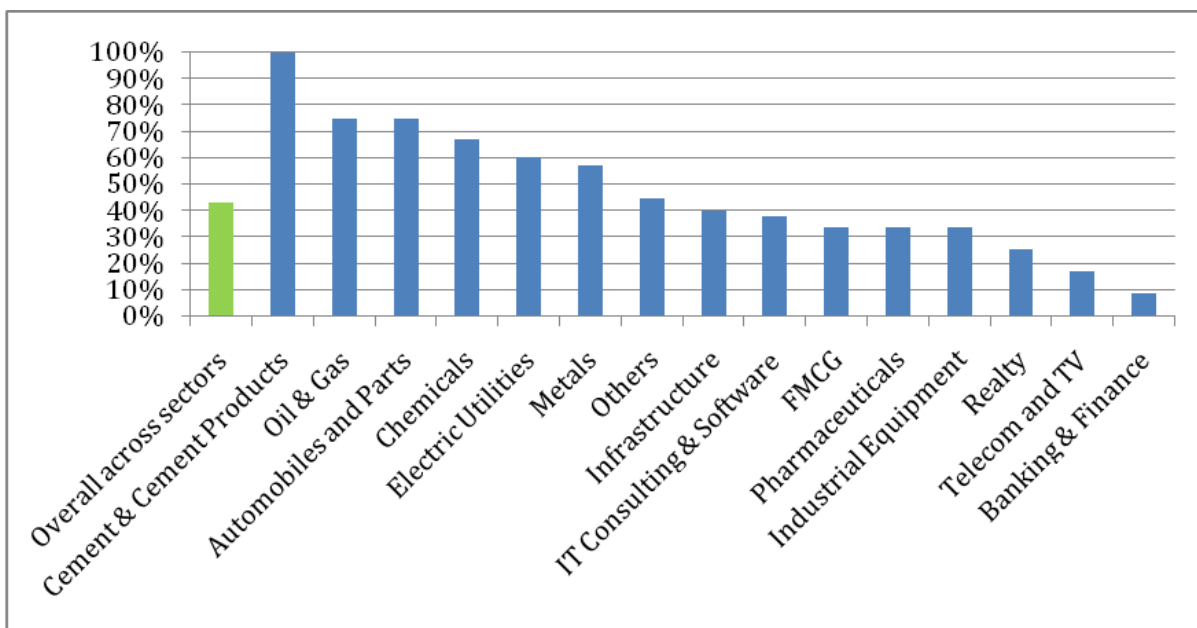
5.6   Health and Safety

A total of 41 companies had implemented some form of HSE initiatives. The common initiatives included implementing various safety procedures, providing safety equipment, creating safety committees, setting standards, conducting meetings, reviewing procedures, and so on. The focus on safety is clearly more important for the manufacturing and the heavy industries sectors compared to the services sectors (Figures 31 and 32).

Figure 31: Sector-wise Percentage of Companies Reporting on Health and Safety Initiatives
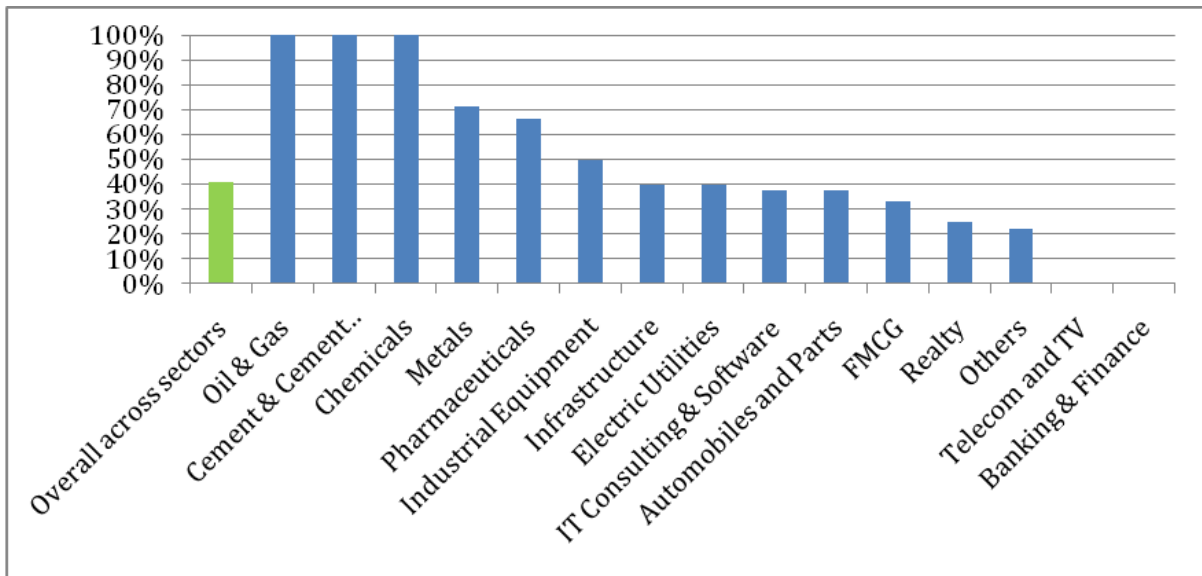
Figure 32: Number of Companies Disclosing Information on Health and Safety Initiatives
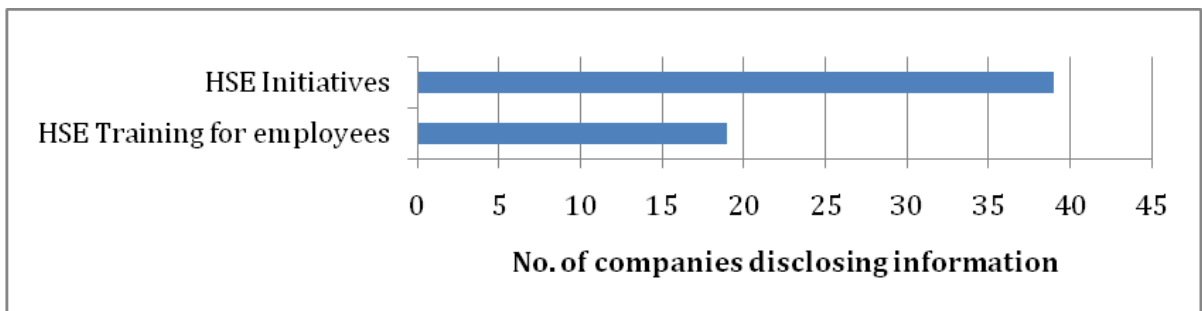
5.7 Workplace

Every company believes that their employees are their core strength and have various welfare programmes, incentives, rewards, and other activities to improve the quality of life of their employees. Companies regularly train their employees on various operational procedures and other activities to ensure better performance. The companies that were studied gave detailed measures of their employee recognition and welfare measures. In this section, we looked at:

Child Labour: The HR policies of the company regarding child labour. According to the 1986 Child Labour Act, companies are required to abolish child labour practices; however, the analysis shows that very few companies clearly stated their stand.

Employee Training: Any training given to the employees on sustainability issues such as training on environment management, sustainable development, and CSR.

Equal Opportunities: Does the company promote and support equal opportunities and diversity among its employees irrespective of caste, religion, creed, colour, and sex?

Figure 33 shows that employee training was the focus area for most of the companies. While this is good, it is recommended that companies also make explicit their policies on equal opportunity and child labour.

Figure 33: Number of Companies Disclosing Information Related to Workplace Initiatives
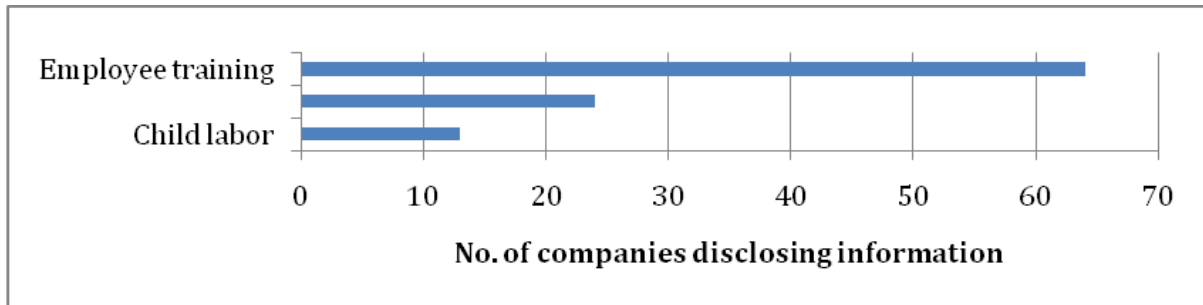
Spearheading these initiatives were the services sectors such as IT and finance for whom equal opportunities and training are a requirement for recruiting and retaining talent. Heavy industries such as oil and gas, metals, and so on also scored highly given their need for trained personnel and stringent labour policies (Figure 34).

Figure 34: Sector-wise Percentage of Companies Reporting Workplace Initiatives
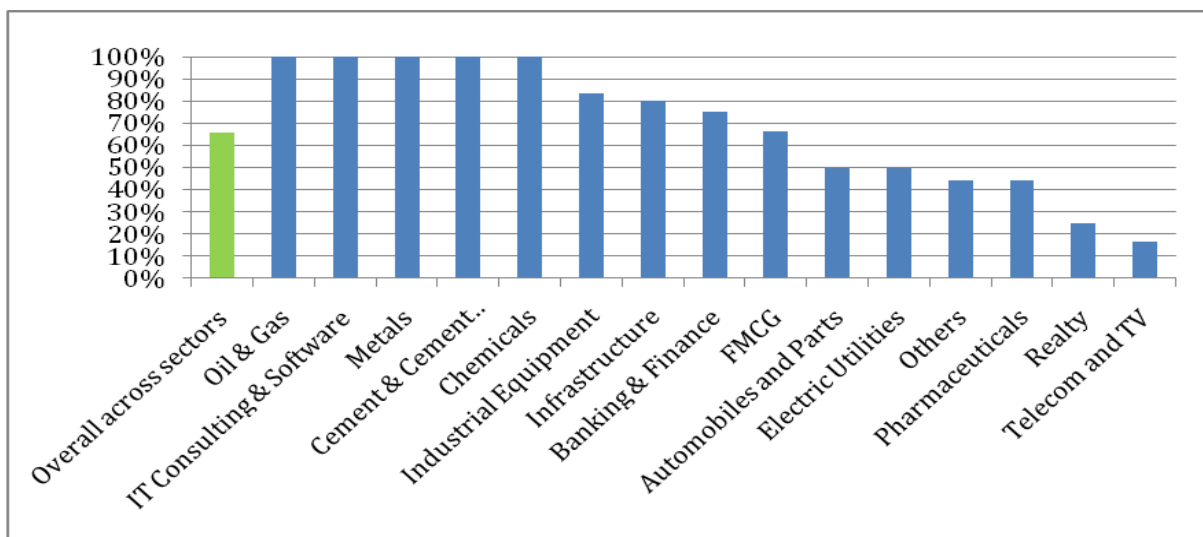
6   Corporate Social Responsibility

Corporate Social Responsibility (CSR) initiatives are programmes implemented by a company for the communities around its premises, the society at large, or for contributing towards environmental protection and conservation. These initiatives are philanthropic in nature—they are conducted voluntarily and free of cost for the benefit of the communities

and society. These acts could include donations of money, goods, time, and/or effort to support a beneficial cause, with a defined objective and with no financial or material reward to the donor. It may encompass any altruistic activity intended to promote good or to improve the quality of human life. The various CSIs that fall under this category are listed in Table 6.

Table 6: CSIs Related to Corporate Social Responsibility

CSI	Description
CSR Finances	Budget and resources allocated to operate CSIs
Donations & Sponsorship	Initiatives that include charity or cash donations with a focus on the surrounding community of its operations or which address issues for public: • Offering cash or material donations, building hospitals, schools, old age homes, and sponsoring programmes
Disaster Relief	Supporting communities that are hit by disasters: • Donations to funds, infrastructure development, relief work, volunteering
Education	Steps adopted to promote education among local communities or society at large: • Building schools, scholarships, sponsoring schools, promotion of primary, secondary, and higher education
Healthcare	Initiatives to offer health services: • Spread awareness about diseases, maternal health and child mortality, set up clinics for treatments and training programs, blood donations, eye check-up camps and build hospitals
Infrastructure Development	Activities to improve local infrastructure: • Constructing roads, sanitation and sewerage, and other initiatives
Cultural Conservation	Conservation of cultural traditions and heritage and the promotion of arts
Community Livelihood	Initiatives to improve quality of life in communities through: • Livelihood initiatives like professional trainings, training and activities for children, elderly and differently-abled people, promoting sports, rural development, empowerment of women
Environment Conservation	Contributing to environmental conservation through: • Awareness programs, nature conservation, water conservation • Forestry, afforestation, landscaping
Other CSR Initiatives	Activities part of CSR but not included in the above categories

6.1 CSR Finances

Across all the sectors, there was little transparency when it came to disclosing the amount of money spent on CSR (Figure 35). Part of this may have to do with the fact that very few companies keep a detailed and auditable record of these finances, and thus, these companies

may be hesitant to disclose such amounts in the public domain. Apart from this, a large part of CSR has to do with non-financial support such as volunteering, which is hard to quantify.

6.2   Donations and Sponsorship

These philanthropic initiatives taken up by companies range from offering cash or material donations (including donations for places of worship) to sponsoring programmes.

The lack of transparency was evident here too (Figure 36). It is recommended that companies track their CSR spends and donations as a way of measuring the efficiency of their CSR budgets and programmes.

Figure 35: Sector-wise Percentage of Companies Reporting on CSR Finances
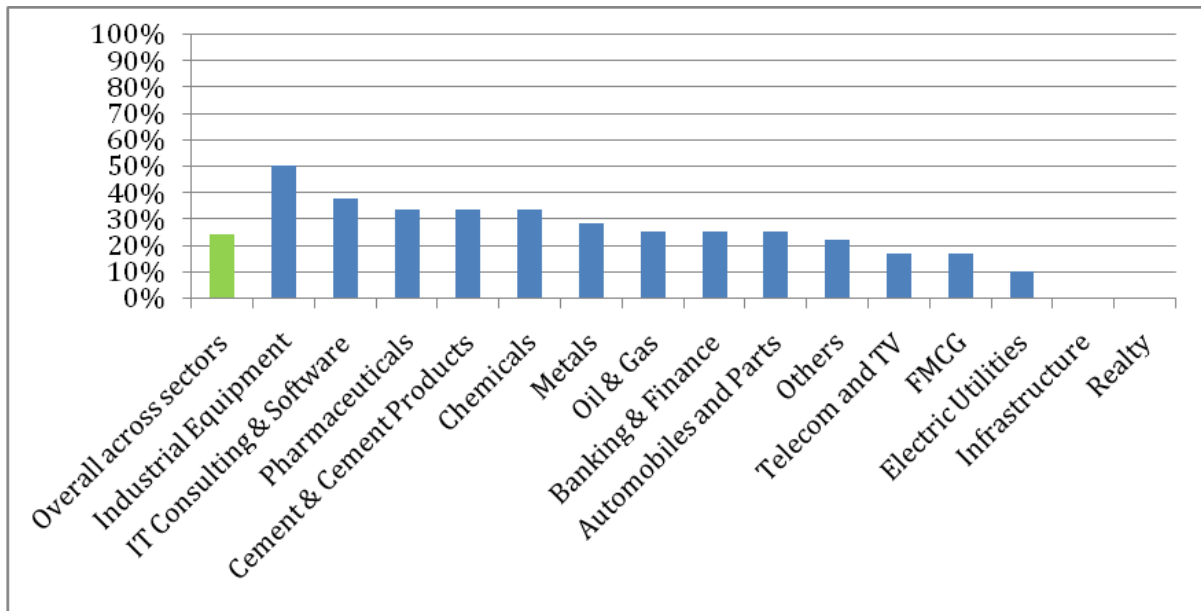
Figure 36: Sector-wise Percentage of Companies Reporting on Donations and Sponsorships
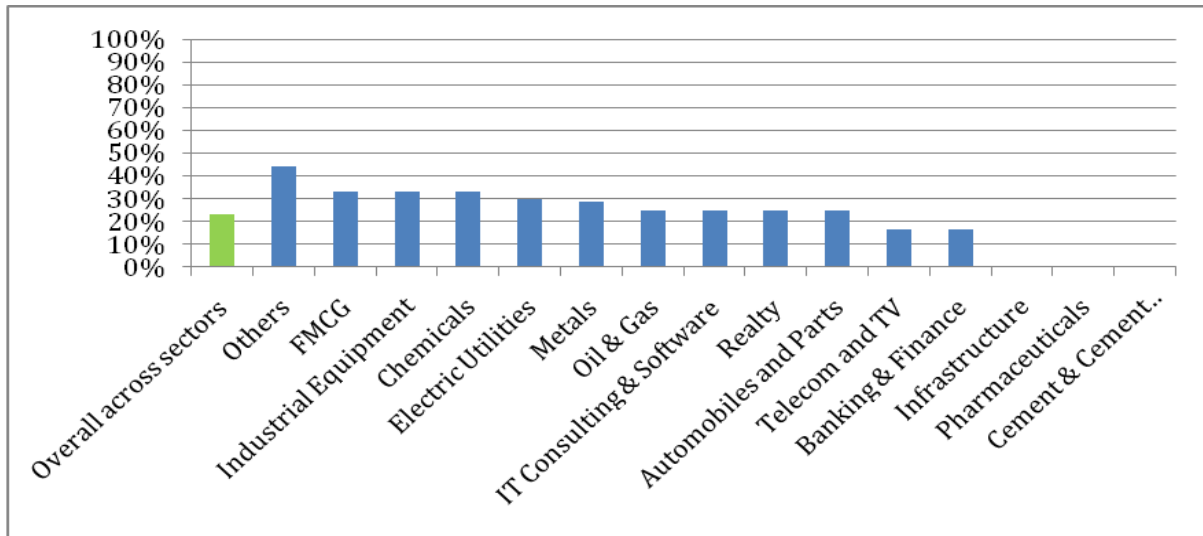

6.3 Disaster Relief

Disaster relief includes donations to organisations helping communities that are hit by disasters. Donations could be provided in the form of food, water, medicines, and clothes as well as other efforts towards providing relief to the affected public. It also includes restoring the infrastructure of places affected by disasters. This could include giving training in masonry, electrical work, agriculture, arts and crafts, and tailoring as well as running schools, clinics, and hospitals, thereby bringing benefits to the community.

Overall, the extent of reporting was low for this variable (Figure 37), but that could be because other CSR areas such as healthcare or education were greater priorities for many of the companies.

Figure 37: Sector-wise Percentage of Companies Reporting on Disaster Relief
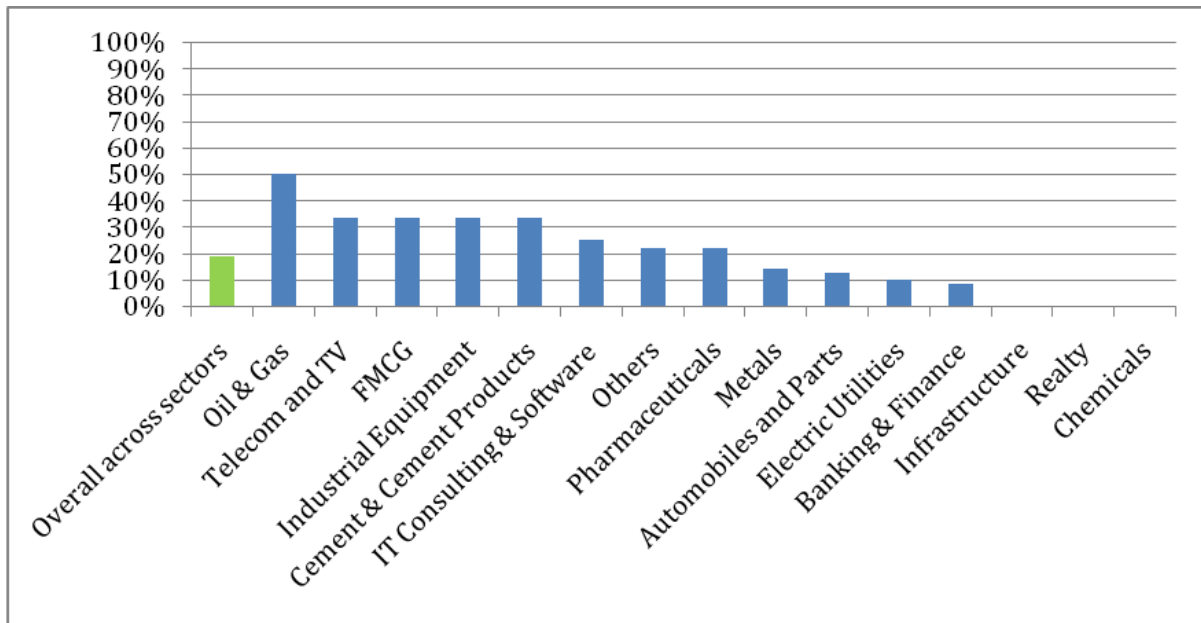
6.4   Education

This section includes steps adopted by the companies to promote education among the local communities or society at large. A total of 74 companies reported education initiatives in this research. These initiatives could include:

Building Schools: Schools built by a company free of cost or at a minimal cost to the community or the society.

Scholarships: Scholarships offered by the company to underprivileged/meritorious students at various levels of education, for primary to higher studies.

Sponsoring or Running Schools: Helping schools run efficiently by providing books, uniform, shoes, and bags to children who cannot afford them or providing benches, blackboards, water coolers, and other infrastructure to schools. Free education to students who cannot afford it; providing free meals also falls under this initiative.

Work Done for Secondary Education: Efforts done specifically to promote secondary education such as supporting/building secondary schools in localities that do not have one. Encouraging children to go to school by spreading awareness, helping or training teachers, providing infrastructure for the school.

Work Done for Higher/Technical Education: Setting up or supporting higher or technical education institutes like vocational training centres, engineering colleges, schools offering training in other fields such as management.

Given India's large young population and weak education system, a key focus area for CSR at about 75% of the companies was education (Figures 38 and 39). The focus here is on both improving access to education through scholarships as well as improving the quality of education by sponsoring or running schools.

Figure 38: Sector-wise Percentage of Companies Reporting Education Initiatives
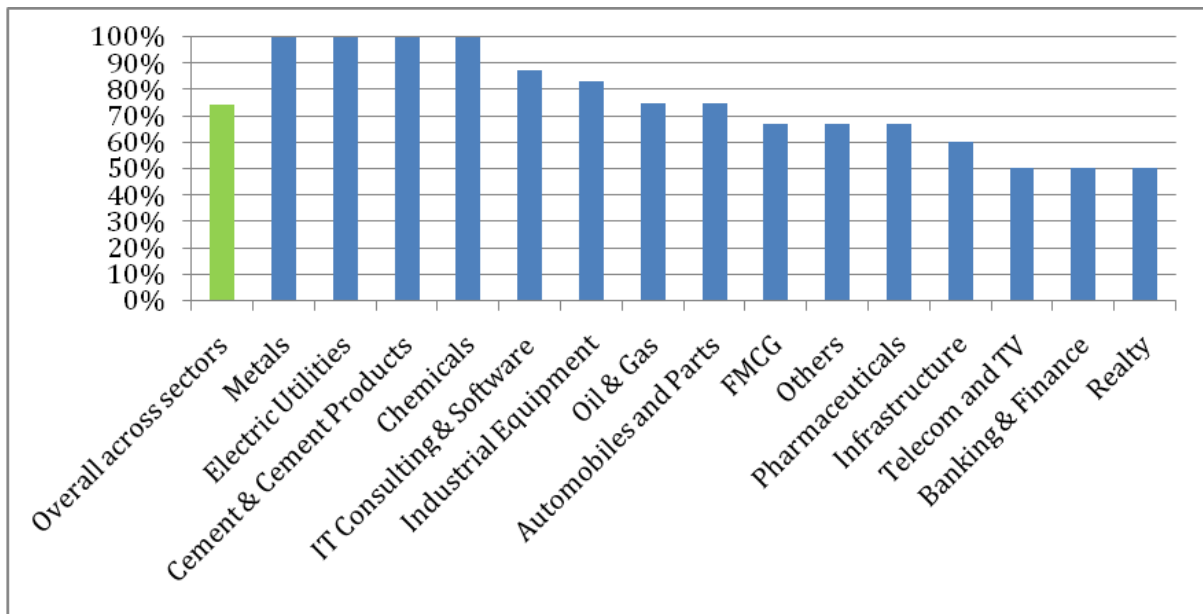
While most sectors were involved in CSR, the sectors that had an impact on the community and therefore needed a social licence to operate (such as metals and chemicals) had a very strong focus on education. While the IT sector may not have a direct impact on the community, their focus on education was driven by two things—ensuring a steady stream of talent by investing in education and providing their employees an opportunity to volunteer through CSR initiatives.

Figure 39: Number of Companies Disclosing Information Related to Education Initiatives
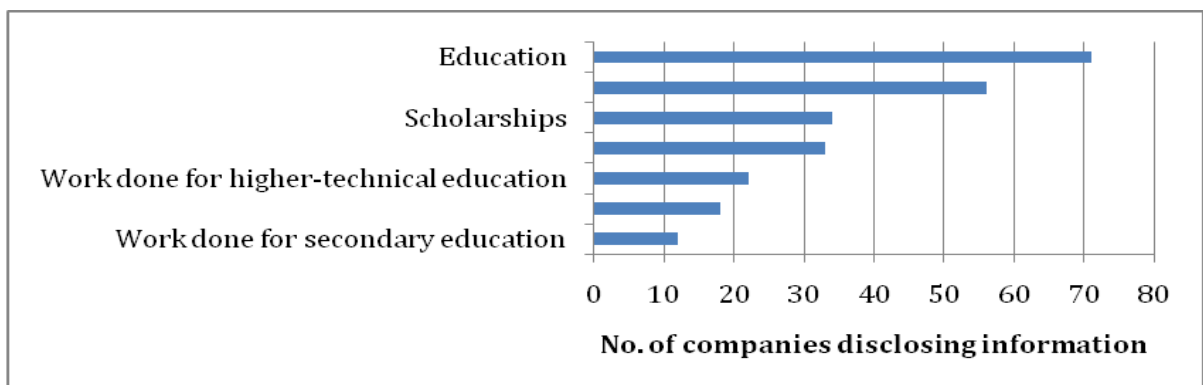
6.5   Healthcare

This section includes the steps initiated by the companies to offer healthcare services to people and to spread awareness on healthcare issues such as maternal health, childcare, HIV/AIDS, malaria, diarrhoea, cholera, as well as for setting up mobile clinics or camps for free check-ups and treatments for various diseases, and conducting training programmes on prevention and cure. Any information that could not be stored in the sub-groups below was stored in this general section. A total of 71 companies reported healthcare initiatives. These initiatives include:

Blood Donation Camps: Organising blood donation camps.

Building Hospitals: Building hospitals/clinics to provide easy access to healthcare facilities to the communities or society.

Eye Check-Up Camps: Organising eye check-up camps.

Healthcare Training Programmes: Organising training programmes for the people of the community on hygiene, childcare, nutrition, maternal care, etc.

Combat HIV-AIDS, Malaria and Other Diseases (Millennium Development Goal)

Healthcare was a focus area for almost all the sectors. More than 70% of the companies disclosed information on healthcare initiatives (Figures 40 and 41).

Figure 40: Number of Companies Disclosing Information Related to Healthcare Initiatives
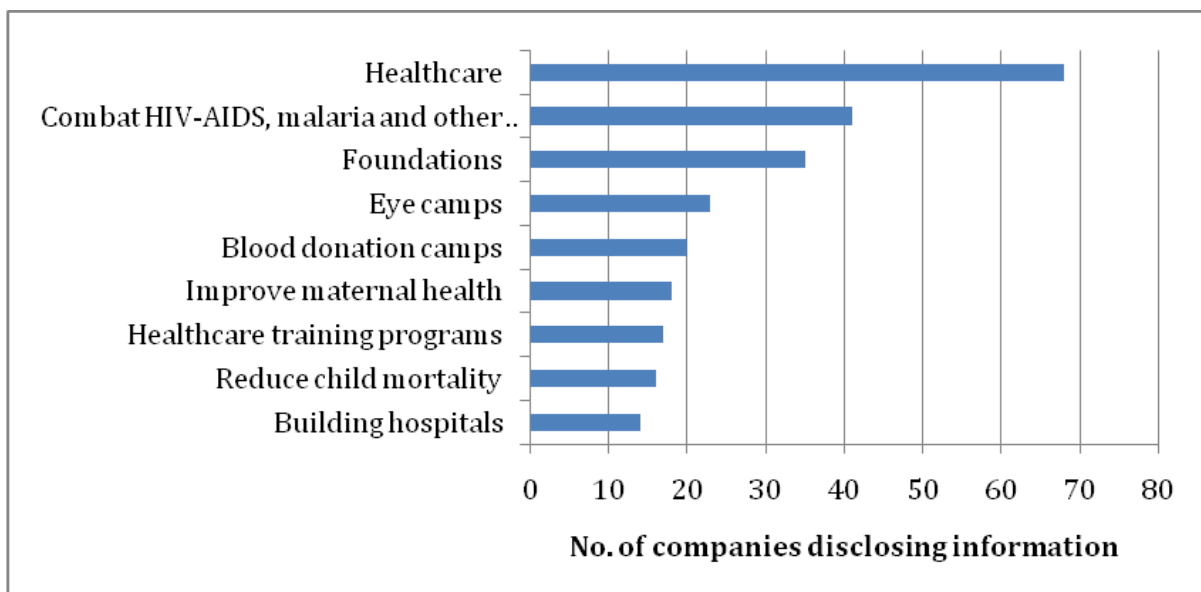
Figure 41: Sector-wise Percentage of Companies Reporting Healthcare Initiatives
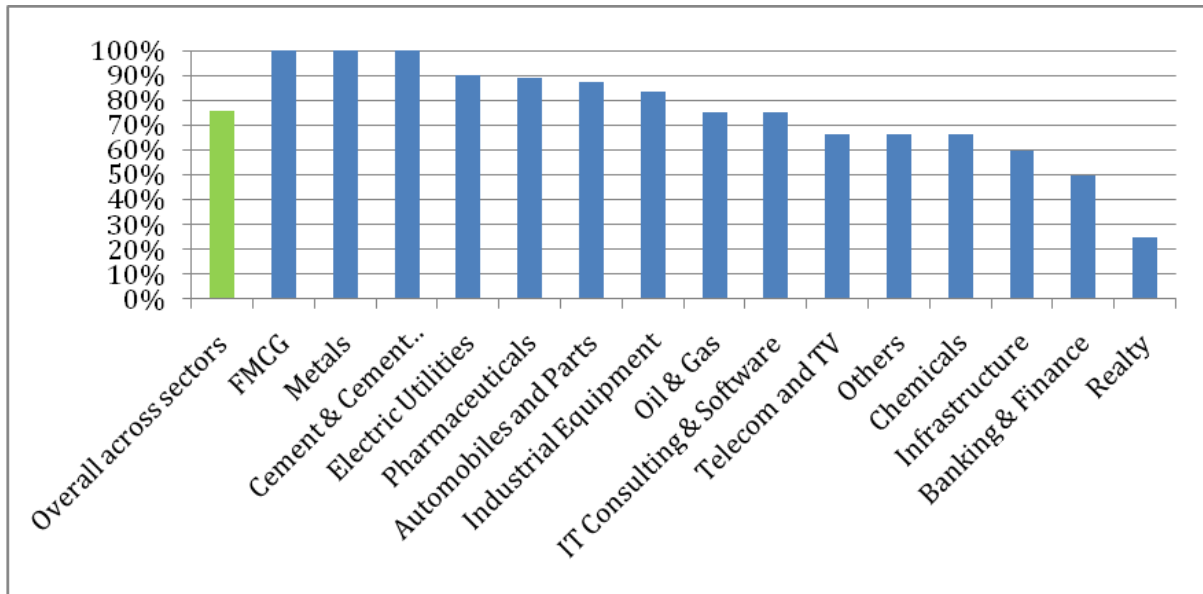
6.6 Infrastructure Development

Infrastructure development includes the development of infrastructure, sewerage, roads, and so on. Along with healthcare and education, infrastructure development formed a crucial part of the CSR strategy of many of the companies. Just under 70% of the companies included infrastructure development in their CSR initiatives (Figures 42 and 43). This is unsurprising given the pressing need to improve India's infrastructure.

Figure 42: Sector-wise Percentage of Companies Reporting Infrastructure Development Initiatives
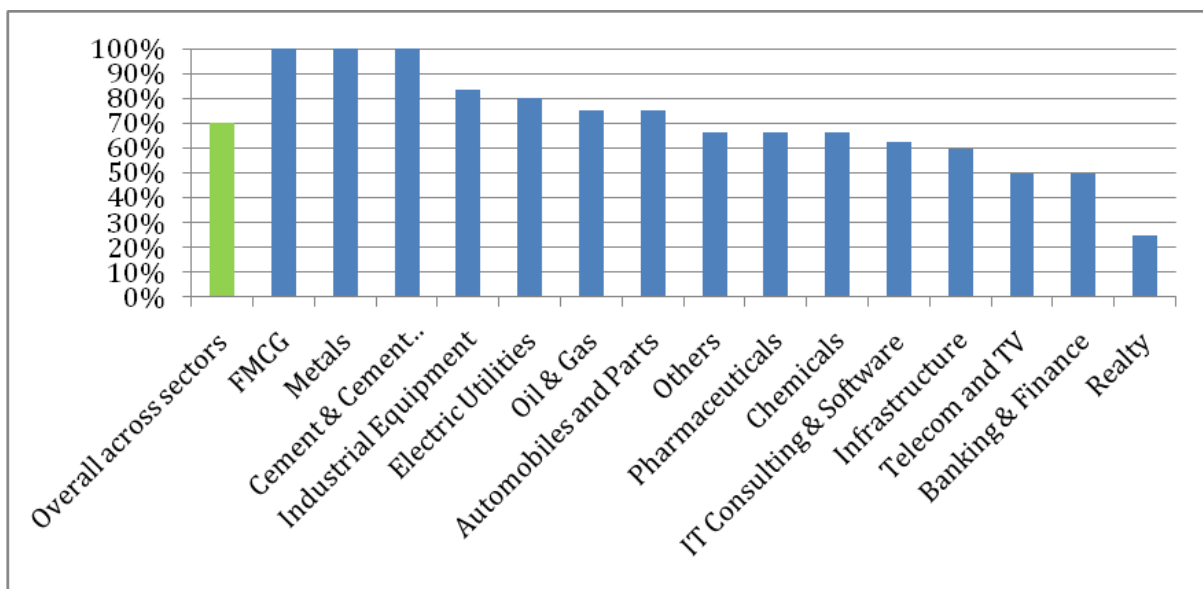
Interestingly, the FMCG sector was a leader in this area. This makes sense given that rural development and upliftment are the major focus areas of infrastructure development. For FMCG companies that seek to expand into rural markets, focusing on rural development is a great example of aligning business and CSR strategies.

Figure 43: Number of Companies Disclosing Information Related to Infrastructure Development Initiatives
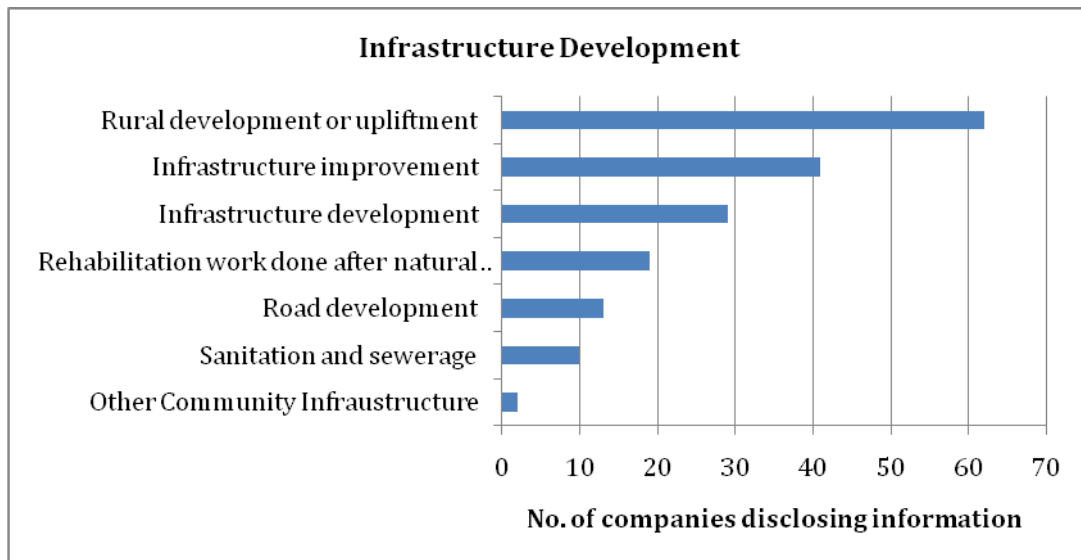
6.7 Cultural Conservation

Companies have various means to conserve the heritage and cultural traditions of the communities in which they operate or to expose communities to various forms of arts through exhibitions and events. The measures adopted to promote local art and culture such as handicrafts, pottery, dance forms, music forms, and textiles, and to support them by providing the infrastructure or helping them to sell their crafts so that they can make a living all fall under this section.

It is evident from the data in Figure 44 that this was not a core CSR area for most of the companies.

Figure 44: Sector-wise Percentage of Companies Reporting Cultural Conservation Initiatives
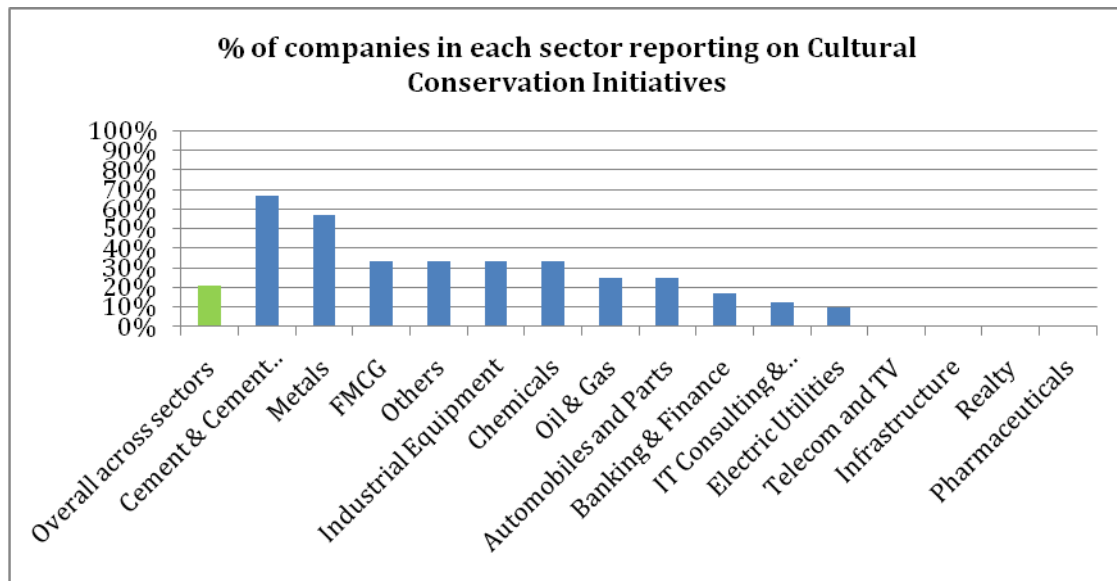
6.8 Community Livelihood

Companies can invest in society and the neighbouring communities through the provision of training programmes to increase the livelihood of disabled people, children, and the elderly. Building skills and improving the quality of life can be done through trainings, through the empowerment of women, disabled, children, and the elderly, and by organising relaxing and fun events and encouraging sports.

Community livelihood was found to be the most popular CSR focus area with nearly 80% of the companies disclosing some information about these initiatives. Most sectors, especially those with community impacts, focussed on this area. Livelihood training is focused on imparting training. Therefore, it is not surprising that the IT sector was a leader in this area, given its focus on education as a CSR focus area (Figures 45 and 46).

Figure 45: Sector-wise Percentage of Companies Reporting Community Livelihood Programmes

Figure 46: Number of Companies Disclosing Information Related to Community Livelihood Initiatives
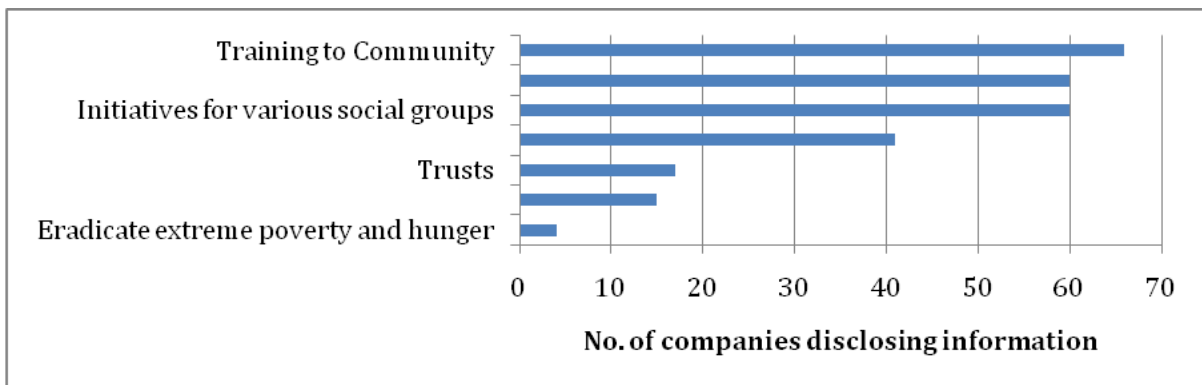
6.9   Environment Conservation
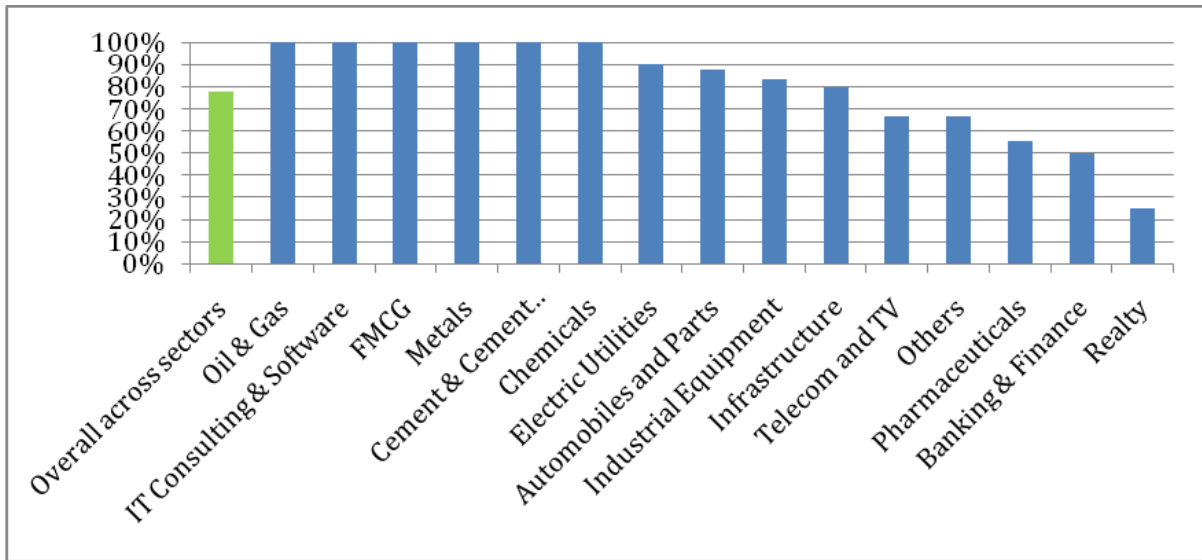
Conserving and protecting the natural surroundings of the local community, water conservation, forestry initiatives, and spreading awareness about various environment protection initiatives were taken up by the companies as part of their CSR activities. These initiatives were not part of greening their core business operations but were of a philanthropic nature—these were deployed to create awareness among the employees and the other stakeholders, and to improve the quality of life of the neighbouring communities and society at large. To that end, companies can work with the local governments, communities, and other stakeholders on initiatives such as planting trees, cleaning up the surroundings,

watershed management for the villages, and organising awareness camps in partnership with NGOs.

> **Awareness Programmes:** Programmes organised or promoted by the company to spread awareness among the communities about their plants or the society at large on various issues such as environment protection, healthcare practices, conservation of water, energy, natural resources, and the importance of education and other social issues related to dowry, the girl child, etc.
>
> **Nature Conservation**: Steps taken by the company to protect the natural biodiversity of places could include conserving natural habitats such as mangroves, forests, deserts, and wildlife. The measures for implementing these could be getting involved in the conservation process or supporting/funding organisations that work towards it.
>
> **Water Conservation**: Measures taken by the company to conserve water by promoting water harvesting practices in the community or by supporting the community to build water tanks or water harvesting units.
>
> **Forestry**: Planting saplings within a company's campus, external large-scale tree plantation, social forestry, and landscaping could be conducted by companies to recover natural environments and improve the quality of life in communities.

Tree plantation and nature conservation were the most popular environment-related CSR initiatives that the companies pursued. About 50% of the companies studied had such environment-related initiatives (Figure 47).

Figure 47: Number of Companies Disclosing Information Related to Environment Conservation Initiatives
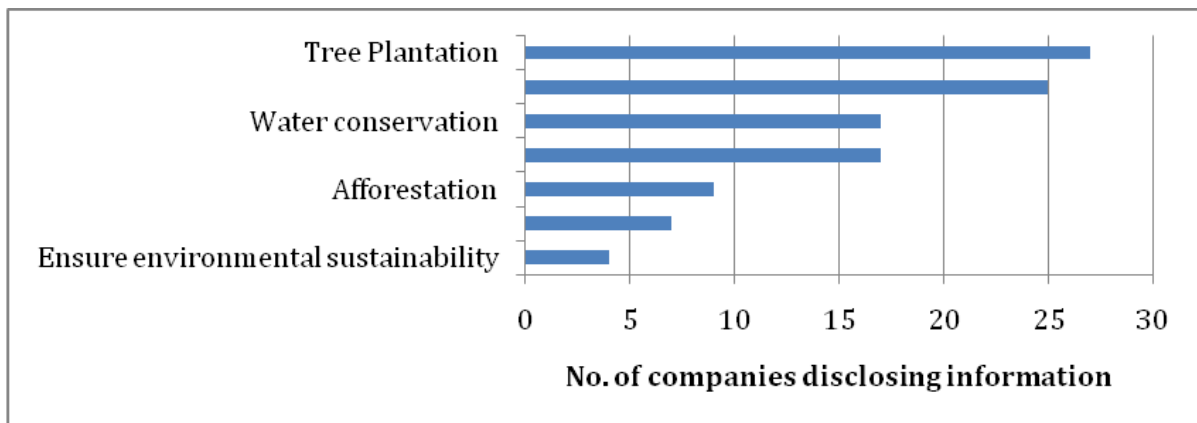
FMCG companies led the other sectors in this focus area (Figure 48). This could be attributed to tree plantation and similar activities being easy to implement as a customer-facing initiative that also drives brand recognition.

Figure 48: Sector-wise Percentage of Companies Reporting Environment Conservation Initiatives
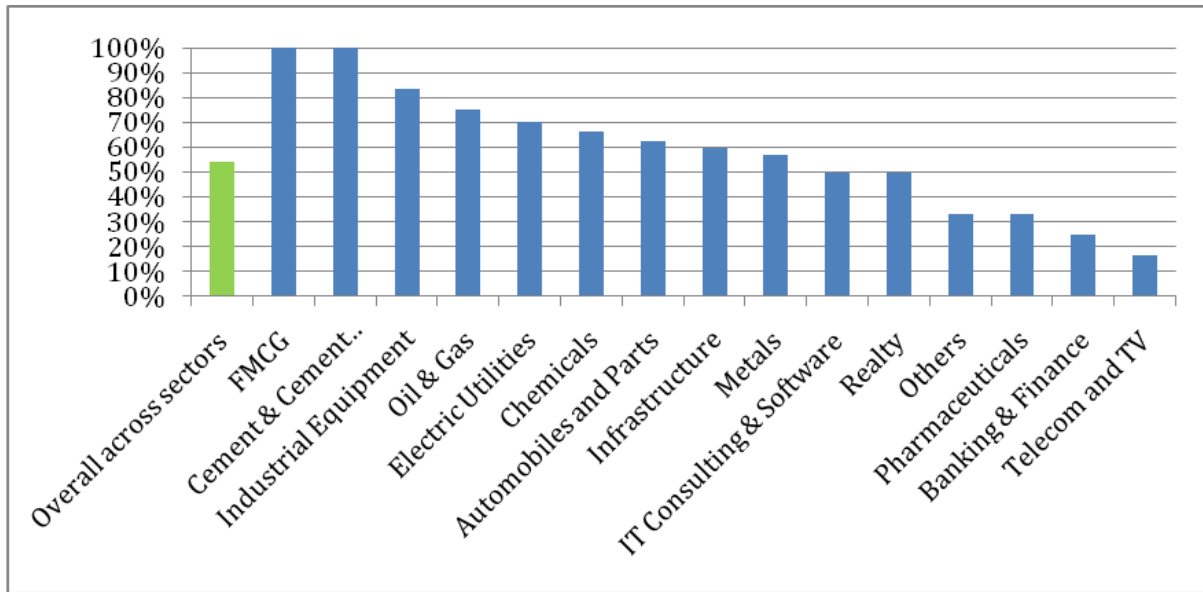
6.10   Other CSR Initiatives

Volunteering was one of the most popular initiatives under this area. Companies encouraged volunteering because it drives greater employee engagement and satisfaction. Figures 49 and 50 present the data related to the other CSR initiatives of the companies studied.

Figure 49: Sector-wise Percentage of Companies Reporting Other CSR Initiatives
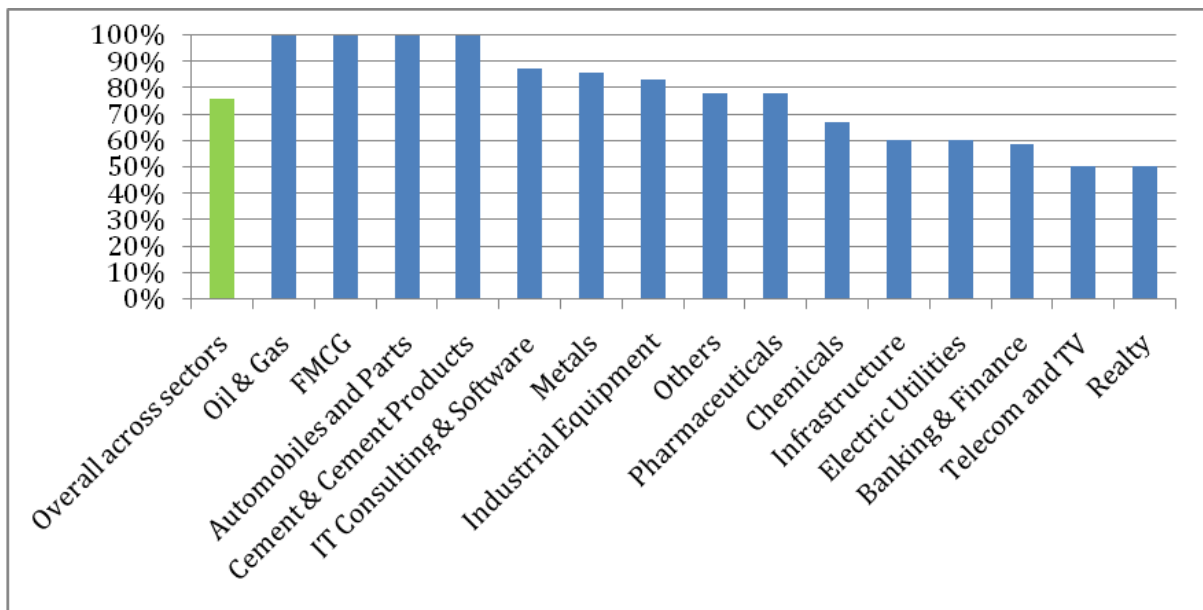
Figure 50: Number of Companies Disclosing Information Related to Other CSR Initiatives

7   Summary and Conclusions

This study analysed publically available, sustainability-related information disclosed by India's top 100 companies in 15 industry sectors across 24 variables and 162 sub-variables. The analysis wa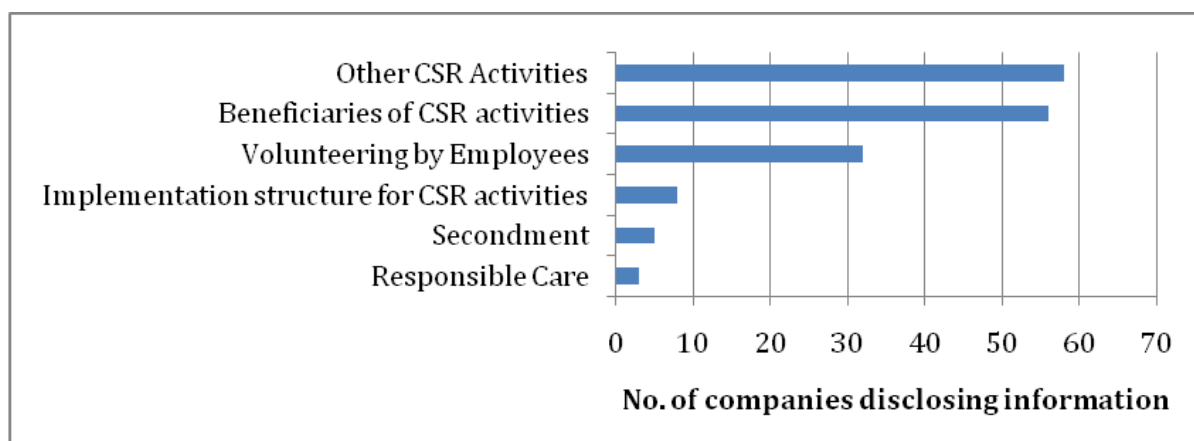s broadly divided into three parts—Organisation and Management; Operations and Core Business Practices; and Corporate Social Responsibility—and was also divided along industry sectors.

Overall, the study shed light on some interesting trends. There was a strong focus on corporate governance in all the companies surveyed. Nearly 90% of the companies stated that they either had developed or followed externally specified codes of conduct or internal governance policies. Interestingly, this did not translate into a corresponding focus on transparency. Only about a quarter of the companies had published reports based on widely recognised initiatives, such as the Global Reporting Initiative. Disclosures on CSR finances and donations were also low. It is in the interest of corporate India for companies to become more transparent in order to build greater stakeholder trust as well as to improve the internal processes for managing sustainability issues.

Sector-wise, heavy-industry sectors such as cement, metals and mining, and electric utilities outperformed other sectors on most indicators. This could be ascribed to their need for a social licence to operate. Some sectors such as realty, telecom and TV, pharmaceuticals, and banking and finance had not disclosed as much as the others. A notable exception was the IT and consulting sector, which performed well on several indicators and reported extensively. A generous explanation for this could be that they have a greater maturity in sustainability,

driven by the need to attract and retain employees as well as global benchmarking. Alternately, one could also attribute this to the fact that with limited and less complex potential impacts compared to the other manufacturing sectors, this sector is better positioned to report on such matters.

The study highlights the following aspects related to sustainability reporting in India.

After governance, the most frequently reported initiatives were CSR-related (community livelihood, healthcare, education, etc.), operational efficiency-driven (green operations, including energy and resource conservation), or communication-centred.

More top 25 companies reported on a greater number of variables than the bottom 25 companies did, thus indicating a greater degree of reporting transparency at the top of the heap.

Organisation and Management

Nearly 85% of the companies had a published corporate governance policy. The next highest reported policy was HSE (35% of the companies). Voluntary sustainability reporting is still limited—only 25 reports based on GRI were published online at the time of data collection.

There is an increasing focus on putting systems and processes in place for managing environment, quality, safety, and so on. Nearly 55% of the companies reported having an Environment Management System (ISO 14000). However, very few companies currently reported on their energy audits. Given the increasing concerns about global climate change, this may be an issue that needs more transparency in reporting.

About 75% of the companies communicated regularly with the various stakeholders—employees, customers, vendors—on sustainability-related matters.

Operations and Core Business Practices

About 80% of all the companies studied reported on at least one aspect related to greening of operations. Most initiatives appeared to focus on two things—resource conservation (energy, water, paper) and managing waste (emissions, solid waste, water).

The most popular initiative was energy conservation. This high percentage could be linked to the economic benefits (such as lower operating costs) that result from implementing these initiatives. Only a little above 30% of the companies highlighted their climate change

initiatives. These were largely driven by emission reduction goals, which tie in to the larger energy conservation goals that the companies had.

Renewable energy adoption is also growing, with 40% companies disclosing information on the same. The leading sectors here included the oil and gas, electric utilities, chemicals, and automobile sectors.

Health and safety and providing training for employees in the work place were the other focus areas.

The study showed two areas that companies can improve on. First, fewer than 20% of the companies currently disclosed information on sustainability issues related to the supply chain. This could be a great opportunity for companies to achieve operational efficiencies by working with vendors and suppliers.

Second, only 10% of the companies disclosed information on R&D in environment friendly products and processes. This could also potentially be an area of competitive advantage.

Corporate Social Responsibility

More than 70% of the companies studied focussed on four core CSR areas—education, healthcare, community livelihood, and infrastructure development.

For education, the focus was on improving access to as well as the quality of education. Companies did this by sponsoring or running schools and also by providing scholarships. Most of the healthcare CSR initiatives were driven by foundations. The initiatives themselves included blood donation drives, eye check-up camps, maternal healthcare, building hospitals, and so on.

For community livelihood, the focus was on providing training and other livelihood opportunities. Apart from heavy industries, IT companies performed very well in this area. For infrastructure development, rural infrastructure and upliftment were the main focus areas. Interestingly, FMCG companies led the way here.

Sectors with a greater impact on the community—such as metals and mining, chemicals, oil and gas, and so on—were more likely to report on their CSR initiatives. IT Companies also performed very well in this section, driven by their focus on CSR as an employee engagement strategy.

Other CSR initiatives included a focus on environment conservation (mostly through tree planting), disaster relief programs, cultural conservation, and employee volunteering. An area for improvement for these companies is increased transparency in CSR finances and donations, which could help drive more efficient CSR programs.

References

Bazeley, P. & Jackson, K. (Eds.). (2013). *Qualitative Data Analysis with NVIVO*. Sage Publications Limited.

Bazeley, P. & Richards, L. (2000). *The NVIVO Qualitative Project Book*. Sage.

Richards, L. (2009). *Handling Qualitative Data: A practical guide*. Sage Publications.

Websites of the top 100 *BT* 500 companies listed in Table 1. http://businesstoday.intoday.in/bt500/index.jsp?type=COMP&year=2010.