Sustainability Integration:
Corporate Reporting Practices in India

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About the Collaborators

GRI

GRI is an international independent organization that has pioneered corporate sustainability reporting since 1997. GRI helps businesses, governments, and other organizations understand and communicate the impact of business on critical sustainability issues such as climate change, human rights, corruption, and many others. With thousands of reporters in over 90 countries, GRI provides the world's most trusted and widely used standards on sustainability reporting, enabling organizations and their stakeholders to make better decisions based on information that matters. www.globalreporting.org

GRI Regional Hub South Asia

GRI's Regional Hubs advance reporting at the country level, respond to the needs of local stakeholders, build capacity and value, and encourage the flow of knowledge and participation from the regions into GRI's global network and activity. The main focus of the GRI Regional Hub South Asia is to mainstream sustainability and transparency alongside rapid economic growth. The Regional Hub enables collaborative engagements through capacity building, policy advocacy, and research and consultations with ministries. It also works closely with regulators, business, industry associations, financial market players, business schools, and civil societies from India and South Asia.

Indian Institute of Management Bangalore

The Indian Institute of Management Bangalore (IIM-B) is located in Bangalore, India. Founded in 1973, as an autonomous Central Educational Institution of the Department of Higher Education, Ministry of Human Resource Development, Government of India, IIM-B is consistently ranked as one of the best business schools in India and the Asia Pacific region. IIMB offers doctoral and several Post Graduate programmes, as well as a wide array of Executive training programmes. In addition to its main academic programmes, IIMB is also engaged in facilitating research, offering consultancy services, conducting seminars and academic conferences, and publishing journals. http://www.iimb.ernet.in/

Tata Consultancy Services

Tata Consultancy Services is an IT services, consulting and business solutions organization that delivers real results to global business, ensuring a level of certainty no other firm can match.

TCS offers a consulting-led, integrated portfolio of IT and IT-enabled infrastructure, engineering and assurance services. This is delivered through its unique Global Network Delivery ModelTM, recognized as the benchmark of excellence in software development. A part of the Tata Group, India's largest industrial conglomerate, TCS has a global footprint and is listed on the National Stock Exchange and Bombay Stock Exchange in India.

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GRI Regional Hub South Asia (RH SA) would like to thank Tata Consultancy Services whose support made this publication possible and extend its sincere gratitude to the following Founding Consortium Partners.

Preface

Sustainability reporting practices have evolved considerably over the last decade, in line with changing stakeholder expectations and regulatory requirements. The level of disclosure by Indian companies has also increased significantly, reflecting a greater understanding of the links between sustainability practices, corporate performance, and competitive advantage.

This study—a collaboration between GRI Regional Hub South Asia, IIM-B and TCS—explores the level of disclosure among Indian reporting organizations. The study specifically focuses on understanding the qualitative aspects of disclosure in the area of sustainability strategy, and its potential connection to senior decision-makers' commitment, materiality, risks, and opportunities. The study further assesses what goes on behind the disclosure, specifically with respect to actions leading to the integration of sustainability in the core business strategy. It reveals the practical ways in which reporting and reporting process have contributed to provide critical support in the integration approach.

The study is based on sustainability reports from 46 Indian reporting organizations listed in GRI's Sustainability Disclosure Database from May 2013 to December 2015. To enrich the study with valuable insights and encourage others to integrate sustainability in their practices, we engaged in one-on-one interactions with six leading companies in India.

In the long term, the transformation of an organization towards a sustainable future depends greatly on its ability to evaluate, measure, monitor, and disclose its impacts. The power of trustworthy and transparent disclosures that can create a culture of accountability in the corporate boardroom cannot be ignored; rather, it needs to be strengthened. However, reporting is often seen as an exercise in public relations rather than a tool for corporate transformation which can contribute to a sustainable economy.

The study reveals that there is a varying level of maturity across Indian companies. However, businesses are gradually integrating macro-economic trends, showcasing material topics, and sustainability performance is becoming a boardroom agenda, with increasing commitment from senior decision makers and greater use of GRI reporting guidance over the years.

The authors would like to thank the many organizations that have generously supported this study. While the conclusions are our own and based on a limited data set, it is hoped that these findings will help hasten the transition of the Indian industry onto a more sustainable trajectory.

Integrating Sustainability into Decision Making

'Integrating sustainability' implies incorporating sustainability issues (environmental, social, and broader economic factors) into an organization's decision-making process, actions, and performance management. Global companies are increasingly talking about integrating sustainability in their key business processes for different reasons—whether to manage new risks, gain business opportunities, or extend their role in society. Many companies claim that 'sustainability is in their DNA' but fail to create value, indicating the lack of integration in their core business strategy. While many corporate sustainability programs have achieved success on initiatives like optimizing energy use, reducing CO_2 emissions, water conservation, and managing labor conditions, few have broken out of the sustainability silo and embedded this practice in the overall organizational strategy for business value creation.

The need for integrating sustainability aspects in the core business strategy is indisputable and important to address global challenges and ensure resilient business performance in a volatile marketplace. With the understanding of business impacts and external trends affecting an organization's future, sustainability considerations in business decision making have become inevitable. The lack of an integrated approach limits an organization's abilities to thrive in the future.

The sustainability reporting process requires organizations to identify and prioritize their impact on the economy, environment, and society. The data from the reporting process, and subsequent analysis can support organizations to define a strategy to manage their impact and adapt to external trends. High quality performance data is therefore essential to integrate sustainability across the enterprise. Companies that embed this data into their business strategies will be able to make more informed strategic decisions.

[1]   KPMG, GRI, UNEP & Centre for Corporate Governance in Africa, Carrots & Sticks: Global trends in sustainability reporting regulation and policy, 2016, Page 10,
       http://www.carrotsandsticks.net/wp-content/uploads/2016/05/Carrots-Sticks-2016.pdf5

State of Sustainability Reporting in India

The practice of corporate sustainability reporting has substantially increased over the last decade, as stakeholders demand more information. Companies and stakeholders have realized that greater transparency fosters stronger relationships, which is essential for building long-term trust.

The total number of instruments that require or encourage reporting on sustainability information has also grown significantly worldwide. A recent global research identified 383 sustainability reporting instruments in 64 countries, compared with 180 instruments identified in 44 countries in 2013.[2] India also saw progress when the Securities and Exchange Board of India (SEBI) announced a requirement for the top 500 companies listed on Indian stock exchanges to include business responsibility reports in their annual reports.[3] Currently, the GRI reporting guidance is the most popular among voluntary reporting guidelines worldwide. As per the 2015 KPMG report 74% of the G250[4] use the GRI guidance.[5] To date, the GRI Sustainability Disclosure Database holds more than 35,000 reports of which more than 24,000 are GRI reports.[6]

By using the GRI guidance, reporting organizations disclose their most critical impacts—whether they are positive or negative—on the environment, society, and the economy. They can generate reliable, relevant, and standardized information with which to assess opportunities and risks, and enable more informed decision-making, with both internal and external stakeholders. GRI reporting guidance is designed to be universally applicable to organizations of all types and sectors, large and small, across the world.

India, in particular, has shown a significant growth in the number of companies that engage in sustainability reporting in recent years (see Figure 1). For this report we refer to GRI Guidelines (versions 1-4), however since October 2016, the GRI Guidelines have transitioned into GRI Standards.[7]

Figure 1: Number of Reports Published in India[8]
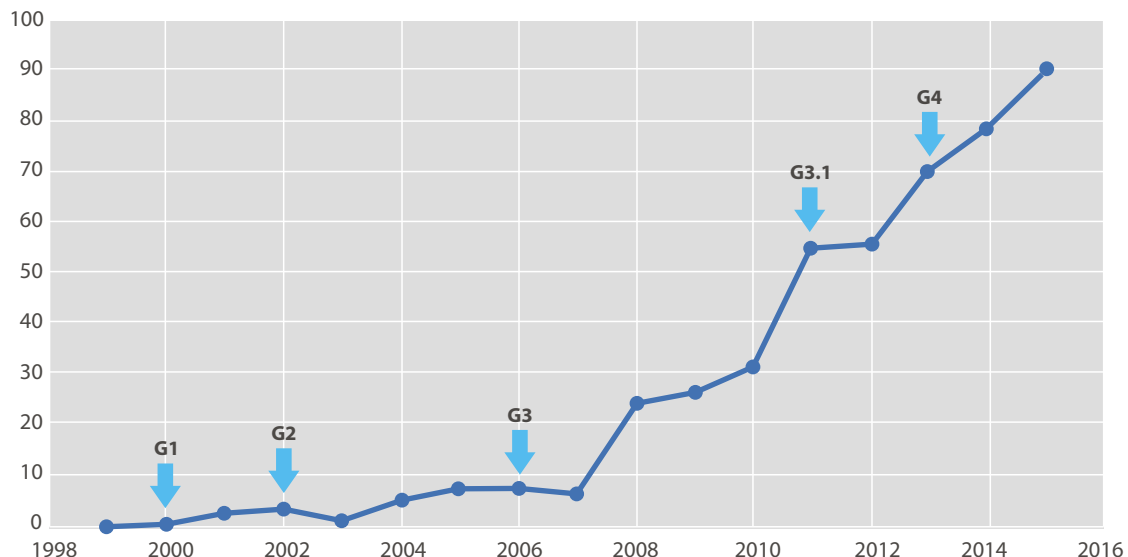
[2]   KPMG, GRI, UNEP, and Centre for Corporate Governance in Africa, Carrots and Sticks: Global Trends in Sustainability Reporting Regulation and Policy (2016),
       Page 10, Accessed on 3 October 2016, http://www.carrotsandsticks.net/wp-content/uploads/2016/05/Carrots-Sticks-2016.pdf

[3]   SEBI Circular (30 November 2015), PR No. 283/2015, Accessed on October 2016,
       http://www.sebi.gov.in/sebiweb/home/document_detail.jsp?link=http://www.sebi.gov.in/cms/sebi_data/docfiles/32461_t.html

[4]   The world's 250 largest companies by revenue

[5]   KPMG International, Currents of Change: The KPMG Survey of Corporate Responsibility Reporting 2015, Page 42, Accessed on 3 October 2016,
       https://www.kpmg.com/CN/en/IssuesAndInsights/ArticlesPublications/Documents/kpmg-survey-of-corporate-responsibility-reporting-2015-O-201511.pdf

[6]   GRI's Sustainability Disclosure Database, http://database.globalreporting.org/search, Accessed on October 2016

[7]   The original GRI G4 Guidelines are evolving into a set of modular, interrelated GRI Sustainability Reporting Standards (GRI Standards) at the end of 2016. The changes mostly
       involve improving the structure and format of the content from G4. This is intended to make the GRI Standards easier to update, and even more suitable for referencing in policy
       initiatives around the world. See https://www.globalreporting.org/standards/transition-to-standards/Pages/default.aspx for more details.

[8]   Source: The data has been retrieved from GRI's Sustainability Disclosure Database on August 1, 2016. Data is collected by GRI and GRI Data Partners, and therefore consists of all data of
       which GRI is aware. The arrows signify the different versions of the Guidelines released.

For the purposes of the study, the team reviewed G4 reports published in GRI's Sustainability Disclosure Database until December 31, 2015. The final sample included 46 reports, which were then studied with reference to information related to the G4 Guidelines on Standard Disclosures 'Strategy and Analysis' of the G4 Guidelines. The data were then supplemented by interviews with key decision-makers of a select group of companies[9].

Preferences for Reporting

The study indicates significant variations in the 'in accordance' option chosen for reporting among the study sample. Of the 46 companies included in this study, 34 preferred reporting 'in accordance' with the GRI's G4 Sustainability Reporting Guidelines' core option, rather than the comprehensive option. Some sectors, such as cement (which form part of the construction material sector), showed a marked preference for reporting under the comprehensive option, while others such as automobile and auto components, chemicals, textiles and apparels, limited themselves to reporting on the core option. See Figure 3 for the full sectoral trends.
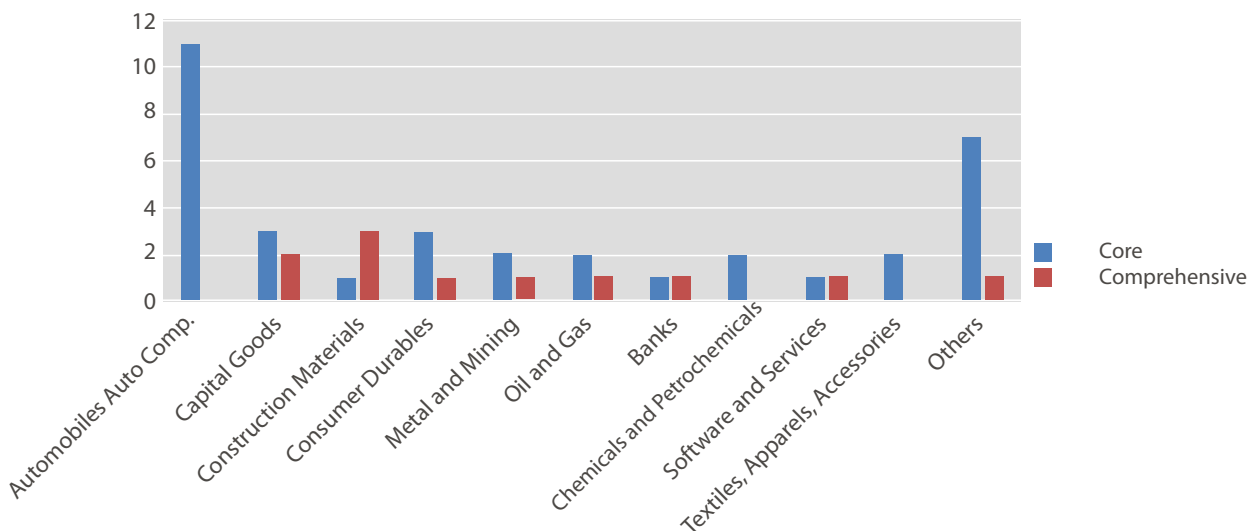

Figure 2. 'In Accordance' Options Stated by Companies, by Sector

Subsequent interviews with the responding organizations revealed that most, especially small and medium-sized enterprises (SMEs) prefer to gradually step-up the level of their reporting, beginning with the core option and eventually moving on to the comprehensive option. This is especially true of first time reporters. Construction companies, primarily cement manufacturers, are an exception. This is probably a result of their involvement in WBCSD's The Cement Sustainability Initiative (CSI), which encourages peers in the sector to adopt leading practices. [11]

The findings with regard to the automotive sector mainly reporting with the core option are also as expected, since nine of the 11 companies in this sector were SMEs with limited prior experience in sustainability reporting.

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[9]   See Annexure for more details on methodology and sample used for the study.

[10]   Core option: For each identified material aspect, the organization should disclose the generic Disclosures on Management Approach (DMA) and at least one Indicator. Comprehensive option: For each identified material aspect, the organization should disclose the generic DMA and all indicators related to the material aspect.

[11]   World Business Council for Sustainable Development's (WBCSD), The Cement Sustainability Initiative (CSI) is a global effort by 24 major cement producers with operations in more than 100 countries, who believe there is a strong business case for the pursuit of sustainable development. http://www.wbcsdcement.org/index.php/en/about-csi

Interestingly, a few (17%) have reported on both the indicators under Standard Disclosure: Strategy and Analysis (G4-1 and G4-2)[12], providing descriptions of impacts and/or risks and opportunities, despite choosing the core option. This is possibly because even as they are willing to disclose more, companies still shy away from the pressure of publicly committing to the comprehensive reporting option.

Overall, the findings from the study suggest that Indian companies, even those that are considered leaders in reporting, are still cautious about disclosing sustainability aspects. Consequently, it may be necessary to build both stakeholder awareness and pressure to improve the disclosure performance of Indian companies.

Reporting on Strategy and Analysis

The 'Strategy and Analysis' section of the GRI report provides an overview of and insights into an organization's sustainability strategy, rather than simply summarizing organization-level actions. We have observed that board members, regulators, investor relations, and rating agencies are increasingly seeking information pertaining to sustainability risks and opportunities, as required under the 'Strategy and Analysis' section of sustainability reports.

As per G4 Guidelines, the initial part of this section requests statements from the senior leadership of the company presenting the overall vision and strategy, as well as short-term measures taken to manage the significant economic, environmental, and social impacts caused or contributed to by the organization. The subsequent sections are expected to build around the organization's key sustainability impacts and effects on stakeholders, taking into account the range of reasonable expectations and interests of the organization's stakeholders. Additionally, sustainability disclosures are also expected to focus on the impact of sustainability trends, risks, and opportunities on the long-term prospects and financial performance of the organization.

Sustainability reports are useful only when disclosures relate to relevant topics for the organization and its stakeholders. 'Relevant topics' are those that may reasonably be considered important for reflecting the organization's economic, environmental, and social impacts; or influencing the assessments and decisions of stakeholders. Many organizations use the methodology of identifying key risks, opportunities, and impacts, drawing upon the process for defining 'relevant' report content that requires subjective judgments. The organization is expected to be transparent about its judgments. This enables internal and external stakeholders to understand the process for defining report content. The organization's senior decision-makers are expected to be actively involved in the process for defining report content, and should approve any associated strategic decisions. In this way, the most 'material' topics can be identified. The methodology applied in these steps varies according to the individual organization. Specific parameters such as business model, sector, geographic, cultural, and legal operating context, ownership structure, and the size and nature of impacts affect how the organization identifies the material topics to be reported.

[12] As per GRI G4 guidelines, while reporting in accordance with the Guidelines core option, companies should report G4-1.

Commitment from Senior Decision-Makers

Sustainability reports address a diverse audience, which includes investors, consumers, employees, civil society, government agencies, non-governmental organizations (NGOs), rating agencies, and others. The trustworthiness of these reports could be greatly enhanced if senior decision-makers discuss the challenges in meeting targets as well as specific timelines for achieving these targets. Stakeholders are interested in knowing what subjects are critical according to the management and how they wish to address them. Figure 4 depicts themes for statements from senior decision-makers in sustainability reports.
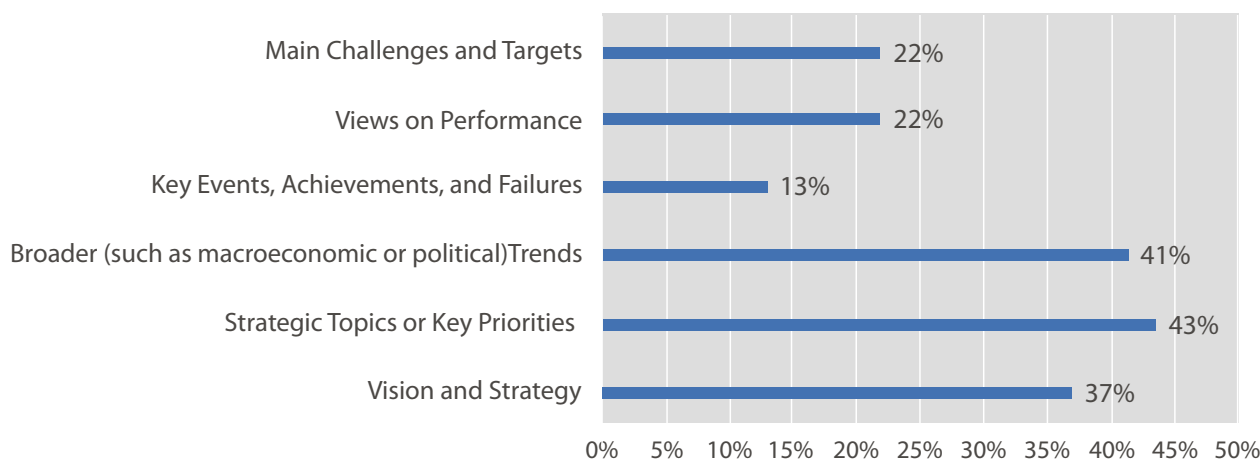

Topic	Percentage
Main Challenges and Targets	22%
Views on Performance	22%
Key Events, Achievements, and Failures	13%
Broader (such as macroeconomic or political)Trends	41%
Strategic Topics or Key Priorities	43%
Vision and Strategy	37%

Figure 3. Key Topics Covered in Messages by Senior Decision-Makers

★ Companies are responding to growing sustainability pressures, as 37% of senior management statements discuss overall vision and strategy, particularly with regard to managing significant sustainability impacts. However, few companies disclose time horizons associated with their strategy. A clear disclosure associated with a time horizon is essential, as it allows tracking of performance and impacts.

'Keeping these values in mind, we continue on our journey of being a sustainable and responsible energy company with a focus on the priorities and goals we have set for protecting and preserving our triple bottom line—People, Planet, Profits—with an intended paradigm shift in our approach from 'economic growth' to 'economic development'.

S Varadrajan, Chairman and Managing Director Statement, Sustainable Development Report 2015, Bharat Petroleum Corporation Limited

Despite this volatile context the one constant which remains is the aspiration of individuals everywhere in the world to continuously upgrade their lives. The Tata Group's core purpose, our mission addresses exactly that: To improve the quality of life of the communities we serve globally, through long-term stakeholder value creation based on Leadership with Trust. Our 'VISION 2025' is to help individuals everywhere achieve their aspirations. Over the next 10 years, 25 percent of the world's population will experience the Tata commitment to improving the quality of life of customers and communities. As a result, Tata will be amongst the 25 most admired corporate and employer brands globally, with a market capitalization comparable to the 25 most valuable companies in the world.

Cyrus P .Mistry, Chairman Statement, SustaiNext 2015, Tata Motors Limited

★ Most of the statements include information on performance but do not mention the related target. Just 22% of the statements provide an outlook on the organization's main challenges, targets, or goals associated with a time horizon. The absence of specific targets limits the management's ability to track and evaluate sustainability performance over the long term. It is unclear whether targets and time horizons are unspecified because they don't exist or due to concerns about possible stakeholder reactions.

> *We promised to reduce our per capita electricity consumption by 50%, meet 100% of our electricity requirements from renewable energy sources, and reduce our carbon intensity.*

Ramdas Kamath U, Executive Vice President and Head; Infrastructure, Facilities, Administration, Security and Sustainability Statement, Sustainability Report 2014-15, Infosys Limited

> *We are aware of our role in ensuring environmental sustainability. By next year we propose to frame and implement 'Sustainable Lending Policy and procedures' to assess environmental and social risks of our project finance and corporate loans.*

Shikha Sharma, Managing Director and Chief Executive Officer Statement 2015, Axis Bank

> *Our sustainability roadmap over the next three years will focus on the expectations of our key stakeholders, including our employees, and have defined strategies to be more economically, socially, and environmentally beneficial and impacting the triple bottom line—people, planet, and profit.*

Thomas Varghese, Business Head Statement, Sustainability Report 2015, Grasim Bhiwani Textiles Limited (ABG Company)

★ 43% of the sample organizations discuss 'strategic priorities' or 'key topics'. Areas covered include climate change, natural resource management, energy conservation, renewable energy, livelihoods, inclusiveness, community development, waste management, development of human capital, and building robust stakeholder relations. However, again, the organizations provide less clarity on time horizons to address these topics, including respect to internationally recognized standards and how such standards relate to long term organizational strategy and success.

★ 41% cite broader trends (such as macroeconomic or political trends) that pose risks. Some of the trends include deepening poverty and inequality, water scarcity, increasing occurrence of severe climate events, volatile markets, and cost of raw materials.

> *Our sustainability roadmap over the next three years will focus on the expectations of our key stakeholders, including our employees, and have defined strategies to be more economically, socially, and environmentally beneficial and impacting the triple bottom line—people, planet, and profit.*

Thomas Varghese, Business Head Statement, Sustainability Report 2015, Grasim Bhiwani Textiles Limited (ABG Company)

> *Water was recognized as one of the key challenges, especially in the rural communities. To address this issue we have taken up the Integrated Watershed development and drinking water projects.*

R Mukundan, Managing Director and CEO Statement, Sustainability Report titled Serving Society through Science 2014, Tata Chemicals Limited

*Our focus on adherence to the seven absolute safety rules led to 233 lives being saved, but despite best efforts **we also incurred eight fatalities during the course of the year.** We have taken all necessary measures to avoid recurrence of such unfortunate incidents and further strengthened our resolve towards achieving zero fatalities by providing additional impetus to our programs and initiatives, focused on creating a 'Safety First Culture' across the organization.*

Marten Pieters, Statement of the Managing Director and Chief Executive Officer, Sustainability Report titled Footprint IV Vodafone India Sustainability Report 2014, Vodafone India Limited

*Rigorous and concerted efforts were continued to maintain the highest safety standards in all our operations. However, we report with sadness that **the company suffered the loss of four invaluable lives during the year.** No harm anywhere to anyone associated with ACC remains the company's top priority.*

Harish Badami, Statement of the Managing Director and Chief Executive Officer, Sustainable Development Report 2015, ACC Limited

★ Most statements articulate key events and achievements while talking less about failures. Few statements provide reference to challenges such as accidents, fatalities, or workforce unrest.

Materiality Analysis: A Strategic Tool to Identify Key Impacts, Risks, and Opportunities

Material topics refer to topics that the company has identified as relevant to address and report on in its sustainability report. As defined in the GRI G4 Guidelines, 'Materiality is the threshold at which aspects become sufficiently important that they should be reported. Beyond this threshold, not all material Aspects are of equal importance and the emphasis within a report should reflect the relative priority of these material Aspects.'[13] The process of defining material aspects is highly strategic and its results reach out beyond just the production of a sustainability report. Organizations can use the materiality analysis to influence their overall strategy, risk management, relationships, communications, and even the design of products and services with sustainability impacts in mind.

According to the G4 Guidelines, while defining material aspects the organization takes into account the following factors:

- Reasonably estimable sustainability impacts, risks, or opportunities (such as global warming, HIV-AIDS, poverty) identified through sound investigation by people with recognized expertise, or by expert bodies with recognized credentials in the field

- Main sustainability interests and topics, and Indicators raised by stakeholders (such as vulnerable groups within local communities, civil society)

- The main topics and future challenges for the sector reported by peers and competitors

- Relevant laws, regulations, international agreements, or voluntary agreements with strategic significance to the organization and its stakeholders

- Key organizational values, policies, strategies, operational management systems, goals, and targets

- The interests and expectations of stakeholders specifically invested in the success of the organization (such as employees, shareholders, and suppliers)

- Significant risks to the organization

- Critical factors for enabling organizational success

★ The core competencies of the organization and the manner in which they may or could contribute to sustainable development

[13] Global Reporting Initiative, GRI G4 Implementation Manual, Principle of Materiality, page 11, Accessed September 2016, https://www.globalreporting.org/resourcelibary/GRIG4-Part2-Implementation-Manual.pdf

We looked at disclosures on materiality, considering its transformative power, as the result of materiality analysis to inform the business strategy. The study found that all companies report on the process of defining material Aspects; and 93% list the identified Aspects (See Figures 4 and 5). While it is indicative of progress in disclosure, there is a scope for improvement by disclosing the identification of risks and opportunities arising out of material Aspects. The incorporation of sustainability-related risks into an organization's risk management would ensure inclusion of sustainability considerations in the traditional business process.
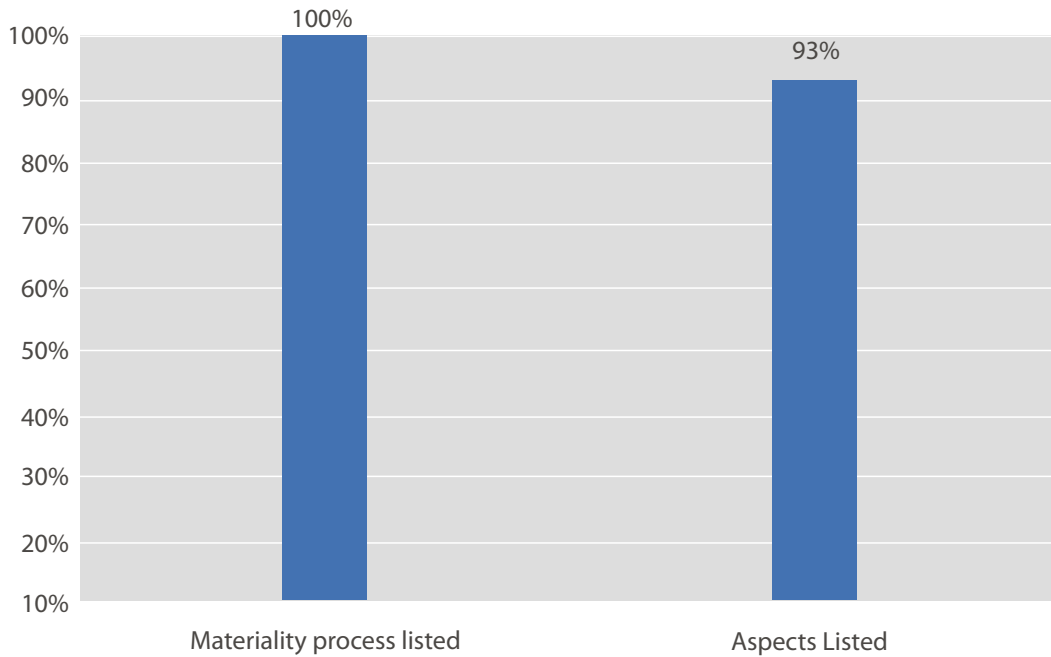
Figure 4. Reporting on Materiality
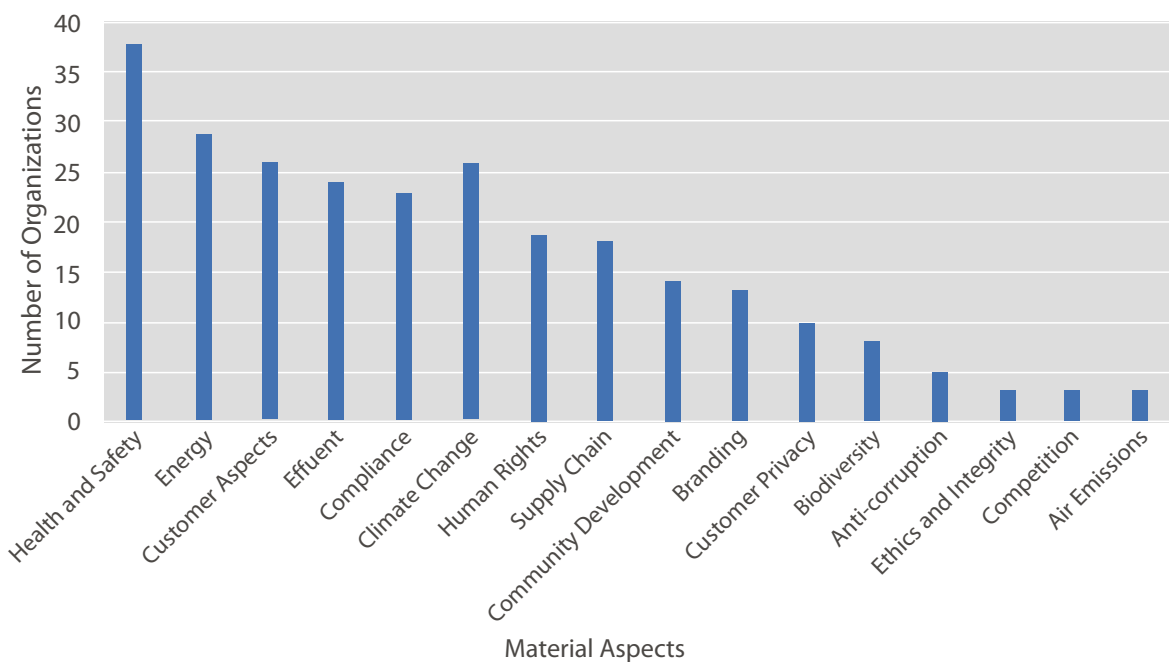

Material Aspects

Figure 5. Material Topics Identified[14]

[14] The identified material topics were extracted from the sustainability reports and the topics were categorized as far as possible into single categories, for instance, Health and Safety includes material topics such as OHAS, safety, employee health, employee well-being and so on

While defining material aspects, a GRI-based report should reveal and describe the impacts an organization has on the world outside and also the impacts that sustainability trends, risks and opportunities may have on the long-term prospects and financial performance of the organization. In the process, an organization identifies its own impacts, for example acknowledging its carbon emissions which influence climate change, and significant risks that climate change could pose to the organization's future such as stricter legislation, extreme weather events, water table depletion, and so on.

In the sustainability context, organizations have begun considering sustainability related external trends impacting them. This implies that organizations need to evaluate all risk exposures relative to potential sustainability issues, as well as how those sustainability issues may impact other risks present within the organization. Material Aspects, when subject to risk evaluation, followed by prioritization of impacts and probability, can then be integrated into the risk management of an organization. It becomes important to identify and articulate interdependencies arising from sustainability considerations on the business as a whole and other risks present within the organization.

Integration of risk arising out of material aspects allows organizations to move sustainability from a stand-alone initiative to an embedded consideration, part of the larger picture. As Anirban Ghosh, Chief Sustainability Officer, Mahindra Group explained, "At Mahindra we went through an exercise of identifying climate change related risks which individual businesses run. They have then been integrated into the Business Risk Register that is managed by the Risk Office of the Group. It is now a mainstream activity and does not need to be driven by the Sustainability team anymore. Our role was to evangelize the cause of climate change, get the risk office involved, get the risks incorporated in the risk register and then have them managed the way other business risks are managed."

G4 Guidelines expect that a description of key risks and opportunities associated with sustainability is provided in the single section of the sustainability report. This disclosure is important as it enables stakeholders to identify the key material Aspects identified by the organization that are likely to present greatest risks and opportunities to the organization. This indicates that the organization assesses sustainability risk factors which would enable it to develop integrated, strategic risk mitigation.

Although not all organizations in the study provided a clear account, we found that companies are increasingly acknowledging risks and opportunities arising from sustainability trends: 39% provided a description on risks and opportunities arising from sustainability trends (see Figure 6). Grasim Bhiwani Textiles Limited (ABG Company) in their Sustainability Report (2015)[15] stated, "Integrating sustainability risks in the existing risk framework" is one of the enablers for driving sustainability practice and performance in the company.
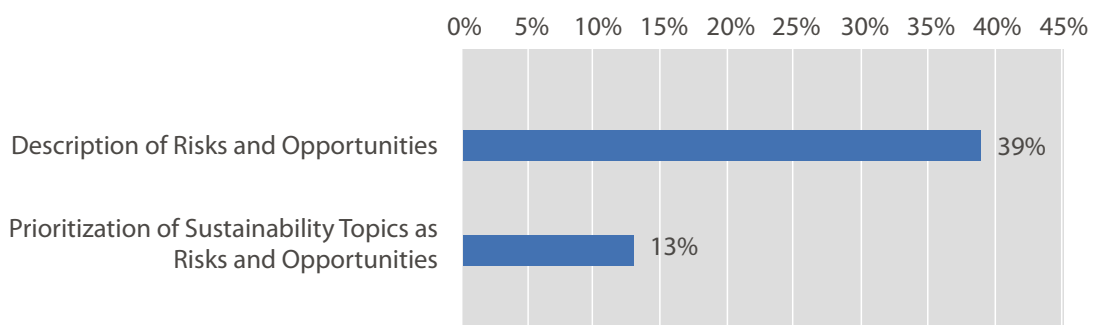

Figure 6. Disclosure on Risks and Opportunities Arising from Sustainability Trends

[15] Grasim Bhiwani Textile Limited, Sustainability Report FY 2015, Page 18,
       http://static.globalreporting.org/report-pdfs/2015/e7ca493c8f18ddb3d900ffaaed845063.pdf

Behind the Disclosures

To better understand what goes behind disclosures, in particular to interpret current and emerging practices, the study was supplemented by six one-on-one interactions with business heads responsible for driving the sustainability agenda within their Group or company. The aim of these interactions was to understand how different elements of sustainability relate to a company or Group's business strategy and activities. The interaction led to interesting insights on the ways in which some of the organizations are putting ideas into practice. These examples highlight ways how sustainability reporting can lead to informed decision-making, foster improved performance, and drive change.

Aditya Birla Group (ABG)

Headquarters: Mumbai

Revenue: 41 USD Billion

Sector: Conglomerate

About: The Group, founded in 1857, is the third-largest Indian private sector conglomerate operating in 36 countries with more than 120,000 employees worldwide. ABG covers sectors such as viscose staple fiber and filament yarn, metals, cement, branded apparel, chemicals, fertilizers, insulators, financial services, telecom, and IT services.

Vision, Mission & Approach:

The vision of ABG is to become the leading Indian conglomerate for sustainable business practices across global operations. To enable this, the Group has voluntarily adopted the ABG Sustainability Framework. The first step in this sustainable business model is 'Responsible Stewardship' across international operations. As ABG operates in 40 countries, this means moving to more comprehensive business management systems that provide better performance, while reducing the Group's impacts on 'Externalities'. The second step is 'Strategic Stakeholder Engagement', to understand changes in 'External Factors'[16] that will inevitably produce growing impacts on the Group companies in the future. The third and final step, 'Future Proofing', requires ABG companies to embed sustainability trends in External Factors into their strategic business plans, to minimize risks and find new opportunities that will be presented by the requirements of a sustainable planet and society by 2030 and 2050.

Actions Leading to Sustainability Integration in Business Strategy

ABG has assessed key legislation to align performance with international standards. It has created and adopted the ABG Sustainability Framework of 140 policies, standards, guidance documents, and training courses to help key managers perform better and implement new techniques. The Group has used IT to manage its comprehensive set of legal and framework self-assessment questionnaires, allowing performance assessment and compliance at 242 sites around the world. The responsibility for demonstration of compliance and reporting of performance is squarely the responsibility of the plant manager. ABG has also used techniques like scenario planning to test business strategies in different potential worlds of 2030 and 2050, to improve the business leaders' knowledge and assist in strategy development. Additionally, the Group has initiated the creation of sustainability related 'External Factors' into the risk matrix for current businesses and new projects and acquisitions.

ABG tags businesses in three categories to understand their sustainability potential:

1) Businesses which are sustainable with their current business model and balance sheet

2) Businesses that will require investment to transform themselves into businesses compatible with the needs of a sustainable planet

3) Businesses that are unlikely to be sustainable in the long term

Role of Reporting in Sustainability Integration

Internal reporting gives a picture of how far each business has travelled towards one axis of international standards and best practices. It helps understand the integration of trends of relevant 'external factors' into its future business strategy, with documentation of external factors that are likely to affect a business in the future. Internal reporting has helped the CEOs and managers be aware of the mega trends and predictions for 2025.

Gaining from a Sustainability Driven Approach

By including sustainability considerations in scenario planning for building strategy in new projects and products, ABG has been able to engage CEOs on sustainability topics.

We are trying to develop an approach where we reduce our impacts on Externalities by improving our business management systems, and, at the same time, take into account that many changes are now inevitable and trends are appearing that need to be integrated into our strategic thinking.

Tony Henshaw,
Chief Sustainability Officer, Aditya Birla Group

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[16] External Factors essentially cover effects of climate change, water scarcity, traceability, reputational threats, legislation. GRI reporting demanding more detailed disclosures and many others.

GAIL (India) Limited

Headquarters: New Delhi

Revenue: $9.23 Billion (2013–2014)

Sector: Oil and Gas

About: GAIL (India) Limited was incorporated in August 1984 as a Central Public Sector Undertaking (PSU) under the Ministry of Petroleum and Natural Gas (MoP&NG). As a PSU, the President of India holds more than 56% of the shares of the company. GAIL, India's largest Natural Gas Company, is one of the seven Maharatna PSUs.

Vision, Mission and Approach

GAIL's intends to accelerate and optimize the effective and economic use of natural gas and its fractions for the benefit of the national economy. The vision of the company is to be the leading organization in natural gas and beyond with a global focus, while being committed to customer care, value creation for all stakeholders, and environmental responsibility.

Actions Leading to Sustainability Integration in Business Strategy

GAIL's sustainability reporting journey began in 2009, with the Department of Public Sector Enterprise (DPE) regulation on mandatory sustainability reporting. This was revoked within two years. However, GAIL continued reporting as per GRI Guidelines. Sustainability is driven by the Corporate Planning Department, responsible for driving and communicating the company's strategic priorities and budgeting business activities. Hence, the integration of sustainability in business strategy becomes easier for the company, and there is buy-in from heads of other departments. GAIL has also created an in-house 'e-sustainability module' to capture, manage, and assess data across various locations, including all business segments. The front-end is maintained through a web-based application and access is provided through the intranet portal. The portal has helped the company to release the GRI report at the same time as the annual report.

After the first year of reporting, GAIL decided to utilize the vast amount of information collected. The company set up an inventory of greenhouse gas emissions and water data, to formulate an aspirational sustainability strategy titled 'Aspiration 2020', in line with the company's 'Strategy 2020'.

Role of Reporting in Sustainability Integration

The focused efforts on the sustainability journey at GAIL began with sustainability reporting. Adopting GRI guidelines prompted GAIL to create a one-stop-shop window for sustainability related initiatives. GAIL encouraged heads to departments to utilize the data generated in the reporting process for decision making.

Gaining from a Sustainability Driven Approach

With effective sustainability reporting, GAIL was able to benefit from better data management, and easily identify gaps in enterprise-wide systems and procedures. It became easier for the company to benchmark performance both internally and externally, and replicate best practices across locations. Approvals from the management and employees were also garnered quicker, resulting in greater accountability and transparency in operations.

We strive to match the sustainability report publication timeline with the annual report publication, so that sustainability information is available along with financial information to external stakeholders, making it a more effective decision making tool.

Santanu Roy,
Deputy General (Corporate Planning),
GAIL India Limited

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[16] *External Factors essentially cover effects of climate change, water scarcity, traceability, reputational threats, legislation. GRI reporting demanding more detailed disclosures and many others.*

ITC Limited

Headquartered: Kolkata

Revenue: $8 Billion (2015-2016)

Sector: Multi-Business Conglomerate

About: Founded in 1910, the Indian multi-business conglomerate ITC Limited recently completed 100 years. Its diversified businesses operate in five segments—fast-moving consumer goods (FMCG), hotels, paperboards and packaging, agri business, and information technology.

Vision, Mission, and Approach

The vision of ITC Limited is to sustain the brand as one of India's most valuable corporations through world-class performance, creating growing value for the Indian economy and the company's stakeholders. The company intends to enhance the wealth generating capability of the enterprise in a globalizing environment, delivering superior and sustainable stakeholder value.

ITC's Core Values, based on the principle of Trusteeship, guide strategic thought and action and are aimed at developing a customer-focused, high-performance organization which creates enduring value for all its stakeholders. Sustainability is at the core of ITC's corporate strategy and is embedded in its business models. ITC's Triple Bottom Line approach seeks to attain extreme competitiveness, whilst at the same time enhancing its contribution towards building social and environmental capital. ITC calls this paradigm 'Responsible Competitiveness', which drives the sustainability of its diverse businesses

Actions Leading to Sustainability Integration in Business Strategy

ITC's super-ordinate vision has spurred innovative business models that deliver sustainable performance. The twin objectives of ITC's sustainability program are to provide livelihood and environment security. The annual plans and five-year rolling plans by business divisions strive to integrate a Triple Bottom Line approach to performance. Revisited sustainability and corporate social responsibility

(CSR) policies enable prioritized consideration of stakeholder needs and design programs for maximum effectiveness, given the diverse competencies and opportunities residing in its different businesses.

Role of Reporting in Sustainability Integration

The publishing of a third-party assured report provides credible communication to stakeholders on the company's core purpose to create societal value. Reporting has brought in more robustness in the compilation of non-financial data by incorporating advanced systems and analysis to track and record key parameters. The process of reporting helps guide strategic decision-making, including investments, whilst retaining focus on sustainability.

Gaining from a Sustainability Driven Approach

The early adoption of a Triple Bottom Line approach prepared ITC to embark on a reporting journey as early as 2002, when the reporting practice was at a nascent stage. Reporting helps diverse businesses deliver sustainability-focused operations, by sharing best practices and offering a guideline to sustainability. The internalization of the Triple Bottom Line approach at the planning level of business divisions has led to innovations, for instance the e-Choupal initiative, afforestation, and so on. ITC has also received global recognition for its sustainability approach, inspiring many other organizations to report, as evident in some of their communications to the company on ITC's Sustainability Report. The number of visitors to the ITC website who download ITC's Sustainability Report has increased over the years to over 700,000.

> *You can't stand outside and experience the whole thing that reporting involves, you have to get into it. If you're really serious about being sustainable, you can't stay away from reporting. Unless you have this data upfront and are held accountable for the data, it will not drive performance.*
> Nazeeb Arif,
> Executive Vice President,
> ITC Limited

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[16] *External Factors essentially cover effects of climate change, water scarcity, traceability, reputational threats, legislation. GRI reporting demanding more detailed disclosures and many others.*

JSW Steel Ltd.

Headquartered: Mumbai

Revenue : $8 Billion (2015-16)

Sector: Steel

About: JSW Steel Ltd. is an Indian company, the flagship of the JSW Group. JSW Steel, after the acquisition of ISPAT Steel, became India's largest private sector steel company with an installed capacity of 14.3 million tons per annum (MTPA) in 2015. JSW Steel's Vijayanagar Works is the fastest growing steel plant in India, and the first integrated iron and steel plant to attain a capacity of 12 MTPA at a single location.

Vision, Mission, and Approach

The vision of JSW Steel is global recognition for quality and efficiency, while nurturing nature and society. The company intends to support India's growth in core economic sectors with speed and innovation. JSW Steel's vision and mission indicates its belief, commitment, and efforts in creating growth while balancing the utilization of natural resources and social development in business decisions

Actions Leading to Sustainability Integration in Business Strategy

To gain a common understanding of critical issues and their impacts on business, JSW Steel has formed four board-level committees. The appointment of the Group-level Chief Sustainability Officer and a Chief Executive Officer for the JSW Foundation for the community development initiatives demonstrate that the board is mainstreaming the sustainability agenda in a professional manner. In every quarter, the Chief Sustainability Officer of the JSW Group presents updates and action plans on sustainability performance to the board.

An example of JSW Steel's adoption of an 'integrated thinking' or Triple Bottom Line approach can be understood with the water resource, considered as a risk as well as an opportunity. Efforts by the teams dealing with production, environment management, and CSR have helped better manage water resources in and around the operations in water-stressed areas. JSW Steel has also established a cement company to utilize all its slag.

Role of Reporting in Sustainability Integration

Increased levels of transparency and disclosures have greatly influenced the set up and strengthening of processes. This includes conducting third-party assurance every quarter across all sites of JSW Steel as well as top three subsidiaries. An employee from the Corporate Sustainability team accompanies the assurance provider on all visits, thereby making the information gathering robust and reliable. Reporting has also encouraged the setup of an enterprise-wide framework where initiatives are tied to material aspects, whether they relate to the environment, community, or production. This framework is designed on the basis of inputs received from all functional heads across sites. Reporting as a process has helped the organization understand the link across functions. For example, an initiative to transfer maximum materials and goods by rail rather than road. The consideration of cost, GHGs, and safety aspects play a role in this decision.

Gaining from a Sustainability Driven Approach

Sustainability is entrenched in the JSW Steel boardroom. The enterprise risk management framework now incorporates elements such as environment, climate change, safety, and social factors. Investor relations is better at responding to queries and information requests from global investors and rating agencies; the number of such requests have increased in the last 18 months. Effective sustainability reporting has also helped identify material issues for the business and stakeholders. It has led to an improvement in performance across sustainability indicators, such as - operational efficiency, specific energy and water consumption levels, occupational health and safety, and so on. JSW Steel has been able to develop new-age value-added products, with better utilization and conservation of resources, and technology innovations that optimize operations. It has been able to enhance its brand value and competitive advantage, as evident from the growth path. The company's visibility of sustainability is displayed on the corporate redesigned website, as well as in its participation in various external platforms to showcase success and learn from peers

The process of sustainability reporting has led to improved understanding of the material issues, their effect on the functional units across the company, and the identification as well as implementation of relevant initiatives as a key step in embedding sustainability in the governance and business strategy.

Dr. S. Majumdar,
Chief Sustainability Officer, JSW Group

Mahindra & Mahindra Limited

Headquarters: Mumbai

Revenue: $17.8 Billion (2015-16)

Sector: Conglomerate (Federation)

About: Mahindra and Mahindra Limited (M&M) is an Indian multinational Group with operations in 18 key industries. In addition to being leaders in the fields of utility vehicle manufacturing, information technology, tractors, financial services, real estate and vacation homes, they also have a strong presence in aerospace, aftermarket, components, consulting services, defense, energy, logistics, retail and two wheelers.

Vision, Mission, and Approach

The core purpose of the Group is, to challenge conventional thinking and innovatively use all our resources to drive positive change in the lives of our stakeholders and communities across the world to enable them to Rise. This ethos of enabling the wellbeing of stakeholders and communities is captured in 'Rise', the byline that goes with and reflects the value of the brand. It is an inherently sustainable way of doing business. Without the well-being of the community, corporations cannot expect to survive. The Group's vision is to be one of the top 50 most admired brands in the world by 2021, with a deep-rooted understanding that the goal cannot be reached without being a leading practitioner of sustainability.

Actions leading to Sustainability Integration in Business Strategy

Each business in the federation of companies implements programs under each of the three pillars of sustainability: enduring business, empowering community, rejuvenating the environment. Entities through these programs have the opportunity to build green revenues, achieve cost savings through environment-friendly actions, and evangelize and enable the practice of sustainability in the supply chain. Each business in the Group identifies relevant climate change related risks and integrates them into their risk register managed by the Risk office of the Group. Sustainability dashboards reflect progress and lay out

action areas for every business. Sustainability processes and results are integrated into the Group's Business Excellence Model called 'The Mahindra Way', which is practiced across businesses. By 2017, the Group will have a well-documented circular economy plan for 20 of its locations. There is a step-by-step guide for identification of material topics and indicators for companies within the Group. Intensive engagement with suppliers on sustainability topics for more than five years has enhanced the resilience of the supply chain.Capacity Development programs, as a part of the Mahindra Leadership University, helps a larger number of employees be aware of and implement projects on sustainability.

Role of Reporting in Sustainability Integration

The adoption of GRI reporting Guidelines has helped implement a structured approach, to gradually induct all business units into the practice of sustainability-focused operations. Reporting has helped empower the Group's sourcing team to better engage and assess risk within the supply chain. The Group has participated in GRI's Business Transparency Program, to encourage transparency in their supply chain

Gaining from a Sustainability Driven Approach

The Group-wide energy monitoring program enabled access to reliable data and helped take the decision to sign-up for the EP 100 program[17]. The tractor business has been tracking water availability as a variable for demand forecasting. This led to the identification of micro-irrigation as a business opportunity and the initiation of the business through an acquisition.

The best place for corporations who wish to practice Sustainability and gain guidance is the GRI reporting framework, as the questions have a bias towards action. That's the first purpose it serves
Anirban Ghosh,
Chief Sustainability Officer,
Mahindra Group

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[17] EP 100 program showcases businesses committed to doubling their energy productivity.

Tata Motors Limited

Headquartered: Mumbai

Revenue: $42 Billion (2015-2016)

Sector: Automotive

About: Tata Motors is a leading global automobile manufacturer with a portfolio that covers a wide range of cars, sports vehicles, buses, trucks, and defense vehicles. It is India's largest automobile company and part of the $100 billion Tata Group founded by Jamsetji Tata. Tata Motors is regarded as a leader in commercial vehicles in each segment, and amongst the prominent players in the passenger vehicles market in India.

Vision, Mission, and Approach

Tata Motors strives to innovate in mobility solutions with a passion to enhance the quality of life. It aims to be among the top 3 global commercial vehicle and domestic passenger vehicle companies, achieving sustainable financial performance with exciting innovations by Fy2019.

Actions leading to Sustainability Integration in Business Strategy

Tata Motor's sustainability agenda aims to deliver on sustainability commitments by developing and delivering innovative sustainable mobility solutions. The materiality assessment exercise is inclusive of stakeholder engagement, with the prioritization of material aspects to derive sustainability targets. Supplier engagement helps ensure business continuity and avoid reputational risks. The Life Cycle Assessment (LCA) approach helps minimize the environmental impact of products over the lifecycle. The company has partnered with a research based organization to conduct a climate adaptation study. This will help identify the impacts of climate change, forming the basis of Tata Motor's future strategies on climate change mitigation and adaptation.

Role of Reporting in Sustainability Integration

Transparency is one of Tata Motors' principles and reporting enables the organization to adhere to this norm. Reporting is the best medium to demonstrate sustainability performance, and Tata Motor's believes that societal and environmental commitments contribute to long-term sustainable growth of the organization. Reporting provides insights on their processes, offering opportunities to track progress and shed light on areas that need improvement. Insights drawn from the reporting process also help devise strategy, which in turn drives Tata Motors' sustainability journey.

Gaining from a Sustainability Driven Approach

Tata Motors has been able to increase awareness on sustainability across the organization, with effective reporting practices in place. Linking and alignment of organizational strategies and initiatives with the global and national sustainable development agenda has helped deliver compliant performance. The company has also been able to prioritize and fast-track some of the key material sustainability initiatives.

> *Reporting helped us identify and strengthen areas of improvement, thus driving our sustainability performance to the next level.*

Arvind Bodhankar,
Head Sustainability,
Health and Environment,
Tata Motors Limited

Conclusions

While it is well-accepted that organizations that embed sustainability into the business strategy are better positioned to address emerging global challenges as well as deliver superior business returns, the pace of this integration is moderated by various challenges, including:

- Very few companies demonstrate senior management involvement and leadership

- Absence of proactive interest from users of the sustainability-related information, such as consumers and governments

- Dependency on a regulatory regime of disclosure rather than business case driven voluntary approach

There are several motivations for sustainable, responsible behavior of businesses, including if investors aim for strong financial performance and believe in the contribution to advance social, environmental, and economic performance. On the other hand, business managers should be strategically convening dialogues with various functions to identify resilience of their portfolio companies in dealing with current and future challenges.

The few organizations, especially those who embarked upon the sustainability journey early on, emphasize that reporting can play a significant role in driving the organization's strategy. One company in the study noted, "We realized that some of the indicators, if not under GRI's reporting framework, probably would have been skipped from our businesses agenda. For example, even though we had a well-established supply chain management program, engaging with suppliers on sustainability topics began only after we came across an indicator demanding disclosure in this regard."

The key findings of the study are:

1. There Needs to be Greater Disclosure on Risks and Opportunities Arising out of Sustainability Trends

Even when acknowledging the risks and opportunities arising from sustainability trends as being a part of the risk management framework, companies are hesitant to disclose a clear and definite account of these risks. Only 39% of the firms in this study provided a comprehensive description of the risks and opportunities arising from sustainability trends. Given that discussion on risks and opportunities is critical and enhances the organization's ability to develop integrated, strategic risk mitigation measures, there is an urgent need for the management to pay greater attention to this aspect.

2. Identification and Disclosure on Material Aspects Is Increasing

The study shows an increasing level of interest by organizations in identifying material aspects as well as their disclosure, indicating increased possibility to look at business risks and opportunities. Over 93% of the firms studied identified and disclosed material aspects. These material aspects often have a significant financial impact in the short term or long term on an organization. They are, therefore, also relevant for stakeholders who may otherwise focus strictly on the financial performance of an organization. This information, when made available, presents a clear overview of topics which organizations think are critical.

3. Senior Decision-makers are Taking Ownership on Sustainability Issues

The reporting process and disclosure requirements encourage organizations to monitor global trends, benchmark peer performances, and track policy and regulatory changes, and societal expectations. Consequently, reporting helps the firms prioritize key topics for the short, medium, and long term. Many businesses recognized there are numerous

macroeconomic and political trends that can pose risks in the long term. Some of the trends identified include deepening poverty and inequality, water scarcity, increasing occurrence of severe climate events, volatile markets, and the rising costs of raw materials.

Interestingly, while senior decision-makers generally articulate key events and achievements, few have started disclosing on challenges such as accidents, fatalities, or workforce unrest.

4. Reporting Plays an Essential Role in Sustainability Integration

Mature reporters acknowledged that transparency is a key requirement for conducting business in today's context, and reporting enabled them to manage these requirements. Reporting also provided insights on the organization's processes, made tracking progress more robust, and provided insights on areas that need improvement. Further, reporting is becoming an imperative to demonstrate leadership in sustainability.

Due to GRI reporting requirements and the evolution of regulatory bodies on mandatory reporting, sustainability is now entrenched in the boardroom; leading to improved governance of sustainability impacts. We also observed that reporting organizations are increasingly able to respond to queries from global investor and rating agencies by drawing information from the 'Strategy and Analysis' section of sustainability reports.

Annexure – Study Methodology

Among the most reliable secondary sources for gleaning sustainability disclosure practices of organizations are the standalone sustainability reports. Further, if these reports are based on the GRI G4 Guidelines and follow the 'in accordance' option, either core or comprehensive, it is likely that the reports are transparent about its impacts, mitigation strategies and focus on topics that are material to the organization. This is because the G4 Guidelines place major emphasis on following the principle of stakeholder engagement and focus on materiality assessment, processes that helps organizations identify sustainability topics to focus and report on.

For the purposes of the study, the team reviewed G4 reports published in GRI's Sustainability Disclosure Database until December 31, 2015. The GRI G4 Guidelines were launched in May 2013. Between the years 2013–2015 a total of 174 sustainability reports were published from India. The study sample included 46 company reports, which were then evaluated against the with reference to information related to Standard Disclosure 'Strategy and Analysis' and 'Materiality' of the G4 Guidelines.

The data was then supplemented by interviews with key decision-makers in a select group of companies. The potential interview list was created by screening the sample on turnover, sectoral representation, and number of years of prior reporting history. Companies with the highest turnover as of March 2015 were shortlisted. Companies from diverse sectors were included in the sample (see Figure 7). Only companies with a minimum of five years of prior history of reporting were considered, on the assumption that those which have reported over a longer time period are more likely to have better integrated sustainability concerns into their strategies. Of the seven companies that the study reached out to, there were three companies who responded positively to participate in an interview. In addition, three other Indian business groups with a combined turnover exceeding $65 billion and a history of sustainability reporting were also added to the interview sample.
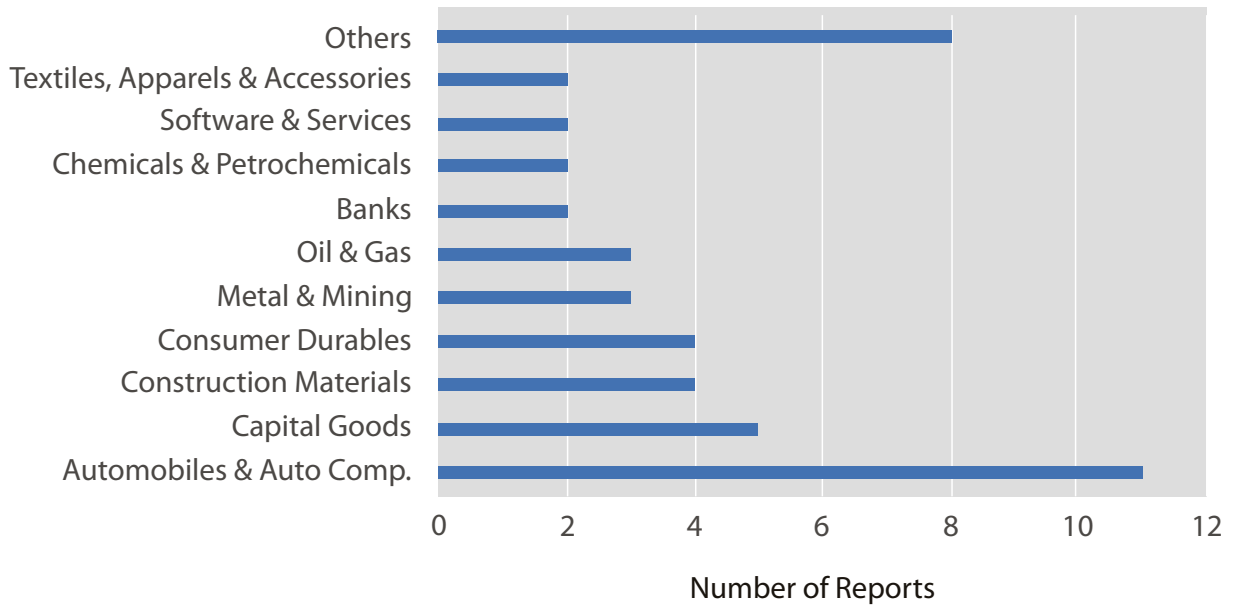
Figure 7. Number of Companies Reviewed, by Sector

About the Global Reporting Initiative

The Global Reporting Initiative (GRI) is a leading international organization in the sustainability field. Its Secretariat is based in Amsterdam with seven Focal Point offices located around the world, including one in India.

GRI promotes the use of sustainability reporting as a way for organizations to become more sustainable and contribute to sustainable development. The most updated version of GRI's Guidelines for Sustainability Reporting, G4, was launched in May 2013. This has been developed through a global multi-stakeholder process involving representatives from business, labor, civil society financial markets, regulators and governmental agencies as well as auditors and experts in various fields.

GRI Regional Hub South Asia

GRI's Regional Hubs advance reporting at the country level, respond to the needs of local stakeholders, build capacity and value, and encourage the flow of knowledge and participation from the regions into GRI's global network and activity. The main focus of the GRI Regional Hub South Asia is to mainstream sustainability and transparency alongside rapid economic growth.

The Regional Hub enables collaborative engagements through capacity building, policy advocacy, and research and consultations with ministries. It also works closely with regulators, business, industry associations, financial market players, business schools, and civil societies from India and South Asia.

Indian Institute of Management Bangalore

The Indian Institute of Management Bangalore (IIM-B) is located in Bangalore, India. Founded in 1973, as an autonomous Central Educational Institution of the Department of Higher Education, Ministry of Human Resource Development, Government of India, IIM-B is consistently ranked as one of the best business schools in India and the Asia Pacific region. IIMB offers doctoral and several Post Graduate programmes, as well as a wide array of Executive training programmes. In addition to its main academic programmes, IIMB is also engaged in facilitating research, offering consultancy services, conducting seminars and academic conferences, and publishing journals. http://www.iimb.ernet.in/

Contact
For more information, contact gri.partners@tcs.com or info@globalreporting.org

About Tata Consultancy Services (TCS)
Tata Consultancy Services is an IT services, consulting and business solutions organization that delivers real results to global business, ensuring a level of certainty no other firm can match. TCS offers a consulting-led, integrated portfolio of IT and IT-enabled infrastructure, engineering and assurance services. This is delivered through its unique Global Network Delivery Model™, recognized as the benchmark of excellence in software development. A part of the Tata Group, India's largest industrial conglomerate, TCS has a global footprint and is listed on the National Stock Exchange and Bombay Stock Exchange in India.

For more information, visit us at **www.tcs.com**

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