CII-ITC
SUSTAINABILITY
AWARDS
2018

Excellence in Sustainable Business

YEAR BOOK

Content

Process 2018

Instituted in 2006, the CII-ITC Sustainability Awards recognize and reward excellence in businesses that are seeking ways to be more sustainable and inclusive in their activities, to support the most significant contributions and encourage the leaders of this revolution. Winners of this Award are those that demonstrate Excellence in Sustainable Business – role models that inspire all business to follow suit. The Awards are a part of continued efforts by the CII-ITC Centre of Excellence for Sustainable Development (CESD) to create awareness on sustainability practices and create the capacity to mainstream them. To us, sustainability is serious business and that is what makes the Awards unique. Applicants must make a serious, organisation-wide commitment to the process – both in terms of their time and money.

The Awards are guided by the Awards Jury, which was reconstituted in 2018 with a new Jury Chair. The Award categories include Corporate Excellence, Environment Management, Biodiversity, and Corporate Social Responsibility. In March, Awards started inviting applications of intent (AoI) from companies. At this stage, companies had to identify which turnover category they fell under and specify which Award category they wanted to apply for through the online tool. Once all the AoIs were submitted by the companies, they were given access to the Awards questionnaire, the answers to which would be the basis for the desk assessment. To facilitate the process of filling up the Awards questionnaire, webinars for companies were organized in June to help navigate and understand the online tool and the questionnaire. The completed questionnaires were submitted in June for Domain Excellence and Corporate Excellence categories.

During the time when companies were filling the application document, CESD trained a pool of Sustainability Assessors that would go on to carry out the desk and site assessments of the applicants. Two Assessor Training Workshops were conducted in May for those who wanted to become Sustainability Assessors. In total,55 assessors were trained. In June, 123 assessors were divided into teams, with each team comprising new and experienced assessors while ensuring they would be assigned an organisation, not from the sector to which they belonged.

Once the questionnaire was submitted by applicants, CESD analysed each application to check for any information gaps based on which it got selected for desk assessment. Once CESD finalized the companies that would move on to the next stage, access to their questionnaires was provided to the assessment teams. From July to the beginning of August, the teams assessed applications on the online tool.

With the completion of desk assessment, a Jury meeting was held in August, where each applicant's case was discussed in detail. Based on these discussions the Jury decided which of the applicants qualified for the site visits. Following this meeting, CESD scheduled the site visits which were carried out from September to October. During the site visits, assessment teams addressed any site visit issues they had identified during the desk assessment as well as corroborated the information applicants had provided in the Awards questionnaire. Based on their findings during the site visits, the teams revised their assessment on the tool and submitted the final results.

Final Jury meeting was held in November to decide the winners. This decision was based on the revised assessment results of the assessors.

In 2018, the Awards received 77 AOIs from cement, auto, real estate, energy, refinery, banking, steel, and engineering industries to name a few. Of these, 76 applications qualified for assessment and 35 received recognition.

The Awards Ceremony was held on 12 December in New Delhi with representatives from the winning companies attending. 39 corporate winners and 8 winner assessors were conferred recognition by Mr. Amitabh Kant, CEO Niti Aayog, Mr. Sanjiv Puri, Chief Operating Officer, ITC Ltd., Ms. Seema Arora, Executive Director, CII-ITC Centre of Excellence for Sustainable Development.

Shri Amitabh Kant, Chief Executive Officer, NITI Aayog, commenting on the rampant urbanization in India and need for sustainability said, "India's process of urbanization has to be innovative and sustainable. Industrialisation cannot be done by government alone, there needs to be a greater partnership with the private sector. I congratulate the winners and hope this Award has a ripple effect across industry."

Mr Sanjiv Puri, Managing Director, ITC Limited, in his address stressed on the fact that "It is commendable that India is getting recognised for reducing CO2 emissions and getting a higher share of renewables as per the United Nations, despite challenges been faced in terms of extreme weather, floods, cyclones, drought, etc. Newer growth models are needed where all stakeholders do their bit- government, civil society and business. Corporates with their superior intellect, managerial bandwidth and financial strength play a pivotal role and can make a transformative change. Corporate strategies have to move beyond financial results to create societal value through innovative business models."

Executive Summary

CII-ITC Sustainability Awards are uniquely designed to put organisations on a relentless pursuit of embedding sustainability into governance, operations, and strategy. These are essential fundamentals to future proof business. Businesses have not really managed a come-back in the aftermath of the financial crisis but reliance on businesses has increased more than ever. Hence it is imperative for them to reinvent their business models, instigate shifts in consumer preferences, and invest in next generation technologies.

The Awards gives an opportunity to businesses to not only get this fresh perspective but also provide a comprehensive Model to pursue goals towards a sustainable business through the Sustainable Business Excellence Model. This Model has helped companies assess their sustainability performance and disseminate best practices among future-minded corporations. As more companies go through the rigours of the Awards assessment process, both internal learning and external credibility have become a source of competitive parity.

With increasing cases of governance failure and frauds, there has been a growing focus on the constitution of the Board. Organisations are trying to ensure a balanced Board structure and frequent meetings of the independent directors to enhance Board's capability of independent and objective decision making. Increasing transparency in this wake is also a welcome change. Disclosure of the information on the metrics used to determine the remuneration of top management and formulation of policies like Clawback Policy has further enhanced faith of shareholders in the organisation. Further, an analysis of this disclosure has thrown light on another important fact: sustainability is no more a standalone initiative of organisations. It has been carefully integrated into not just the vision, mission and values of the organisation but also into the remuneration policy of the top executives.

While monitoring of risk management processes by top management through appointment of Chief Risk Officer remains an utmost priority, an effort to govern the risks at functional level has also been seen. Organisations have classified their risks and assigned management of each type of risk to different functions like EHS function, supply chain function, legal function, internal audit function, etc. Along with the management of current risks, almost all organisations that qualified for site assessment have also been looking at the long-term emerging risks, including sustainability risks like risks due to water shortage in the long run.

Talent management measures, including employee development programmes and performance evaluation systems have helped organisations increase employee satisfaction and reduce their employee turnover. There has also been an improvement in the health management systems of organisations. Organisations are using improved tools, like risk matrix, to identify and manage health related risks. Innovative ways of communicating health risks and safety measures like through nukkads has been leading to better results. Other than this, almost all organisations are also committed to human rights of their employees either through a policy of their own, or compliance to UNDHR, or both. The importance of employee development, health, welfare and human rights welfare has further established the fact that a lot of companies are now using related metrics to determine top executives' remuneration.

Tapping the swelling market for environmentally/socially responsible products has been identified as a priority by many organisations. More and more organisations are seen using life cycle analysis to improve environment performance of their products at different stages. About 70% of the organisations conduct LCA as per ISO14040 or other standards. Organisations who successfully improved their products, reported to have benefited from it like ACC Ltd. reported an increase in market share in the green building sector.

Approach towards CSR activities has evolved for most of the organisations from simple philanthropic activities to community development initiatives aligned with business strategy. The shift aims at ensuring long term positive impact on the society through self-sustaining initiatives. Along with indicators specific to the initiatives, organisations are also using methodologies like SROI (Social return on investment) and impact assessment study to measure the impact of their activities on the community.

The reporting on sustainability aspects has also matured over the years. While most organisations that qualified for site assessment publish a separate sustainability report, Reliance Industries Ltd. has moved a step ahead and come out with Integrated Report. It is worth mentioning that more than 75% of the organisations that qualified for site assessment follow GRI framework for sustainability reporting. Most of them also have their reports audited by external assurance providers in line with international standards.

While some organisations have performed well in most of the aspects, setting various benchmarks, other organisations still have scope for improvement especially in aspects like biodiversity, supply chain management, transparency & disclosure and human rights. Approach towards biodiversity must go beyond setting policies and responsibilities. Biodiversity risk mapping, management plans and impact assessment, have become the new essentials. While 80% of the organisations that qualified for site assessment study impact of their own operations on the biodiversity, impact of products, supply chain and transportation & distribution activities should be evaluated by more companies. Majority of the companies have large supplier/ vendor base, and this provides a huge opportunity as well as entrusts the company with the responsibility to green its supply chain. Steps towards capacity building of their vendor/ supplier on making their business sustainable or setting environment and social goals for them or reviewing their progress on the goals are key parameters for companies to work towards a sustainable supply chain.

Organisations are also expected to improve their due diligence process for identification of human rights risks in different areas of operation, take actions and track the results.

Assessment criteria of the Sustainable Business Excellence Model include seven attributes. Among these, applicants of the Corporate Excellence category have demonstrated good performance with respect to the process attribute indicating that more and more organisations have policies, plans, and objectives to internalize the concerns of society and environment. Their processes are systematic and helping them drive the sustainability agenda across the organisation.

For Environment Management and CSR domains additionally, applicants have performed well against the Leadership attribute. Their top management has been committed to improving their performance in these aspects by devising holistic

policies, structured governance mechanism, management systems and evaluation process to measure the effectiveness of the systems in place. Integration of these aspects into the mainstream business of the organisation has been a major step, environment risks have been integrated into organisation-wide comprehensive risk management system and CSR priorities have been linked to the business strategy.

The Result attribute has scope for improvement for most of the companies across all Award categories. Result attribute measures people (employees, customers, suppliers, vendors, etc.), society, environment, and financial. While comprehensive processes have been institutionalised by the organisations, the measurement of result is not consistent, regular, quantified or targeted. This presents the organisations an opportunity to condense the large amount of environmental/ social information into relevant indicators that reflect both financial and non-financial results. The result indicators must be standardised and regular so that they can be linked to the short term and long-term goals of the organisation.

Corporate Governance

Corporate governance involves balancing the interests of the many stakeholders in an organisation - these include its shareholders, management, customers, suppliers, financiers, governments, and communities. It is the system of rules, practices, and processes by which an organisation is directed and controlled.

Governance in organisations has matured over time. Simple practices of having a balanced number of executive directors and independent directors on the Board, independent Chairman; having Board committees responsible for different Board tasks; documentation of responsibilities of the Board as a whole and its committees and appropriate meetings of the Board and committees have become basic necessities of a good corporate governance system. Most of these are requirements under the Companies Act. There are few procedures which when adopted makes the governance more independent, fair, transparent and diverse. Cases of best practices are elaborated below.

% of organisations where Chairman is executive/non-executive/independent

- Executive chairman
- Non executive chairman
- Independent chairman
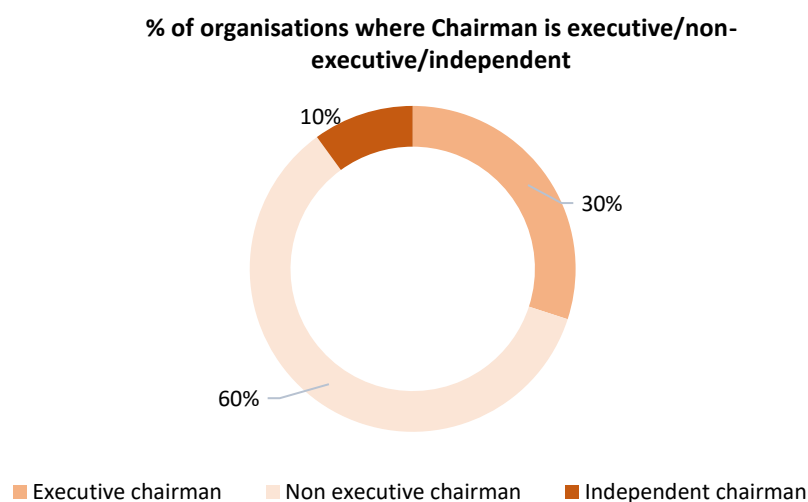
Graph 1

Exide Industries has an Independent Chairman. However, other companies are yet to follow this best practice.

Reliance Industries Ltd. organise quarterly meetings for their independent directors. However, 72% of the organisation have such meetings annually.

Besides ensuring the above highlighted aspects, some organisations have set good practices related to:

- *Diversity of Board:* HZL has two women on the Board, none of whom is related to promoters of the business. It also has a diversity and inclusion policy that extends to the Board.

- *Independence of Auditors:* NTPC Ltd. did not pay any fee for non-audit services which implies that it did not take consultation services from auditor, who would hence remain unbiased while presenting the results of the audit.

- *Clawback Policy:* Aditya Birla Group (domestic textiles business) has a clawback policy according to which in case of restatement of financial statements due to fraud or non-compliance with any requirement of the Companies Act 2013, organisation shall recover compensation from executives, the remuneration that was received in access of what would be payable to him/her as per restatement of financial statements pertaining to the relevant performance year.

- *Board performance evaluation:* Reliance Industries Ltd. has an internal evaluation process as well as an external evaluation process. While the internal evaluation is done by the Board itself based on a policy, the external evaluation is done by an external agent which analyses the responses on Board efficiency survey with their database encompassing 1000 Board surveys.

Monitoring of sustainability issues by the governing bodies of the organisation has emerged as a best practice. Some of the specifics related to it are:

- *Integration of sustainability into organisation's vision, mission, strategies*: Ambuja Cements' vision, mission and strategies reflect elements of sustainability integrated in them.

Vision	To be the most sustainable and competitive organisation in the industry.
Mission	'CRISP - focus on **c**ustomers, dedicated to **r**esults, act with **i**ntegrity, ensure **s**ustainability, respect for **p**eople.'
Strategy	Climate change, circular economy, water & nature, people & community are the cornerstones of strategy

Table 1

- *Setting up specific committees for management of sustainability issues*: The best practice observed here is set by the ones that have a Board level committee, like HZL, Reliance Industries Ltd. and Ambuja Cements. The best practice is to have a Board level committee. The graph 2 shows how the organisations focus on sustainability issues:

% of organisations that have a sustainability committee or other mechanisms

9%
36%
55%

■ Board level committee
■ Top management level committee
■ Adhoc engagement on various issues with relevant teams
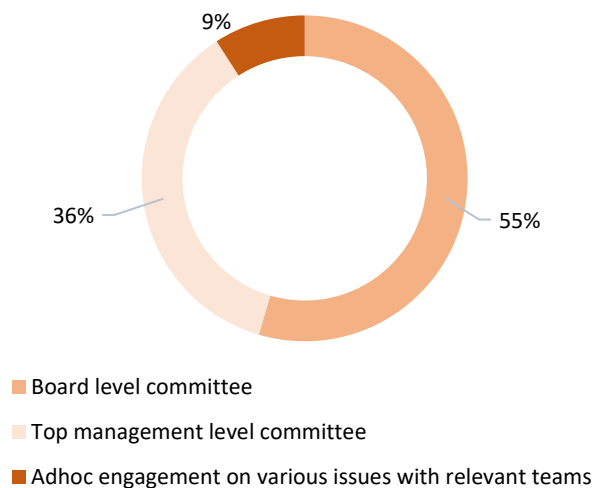
Graph 2

- *Review of key sustainability performance:* Organisations like NTPC Ltd**.** have set up a process for regular evaluation of their sustainability performance by top management through CSR, Sustainable Development and Risk management committee meetings.

    1. Key sustainability development projects, such as renewable energy project, biodiversity conservation, community empowerment is assessed on defined set objectives and deliverables.

    2. The gap between desired output of scheme/project and actual outcome is analysed/reviewed by top management.

    3. Related department heads at corporate/ station prepare an action plan/ opportunity for improvements.

    4. Implementation and improvements are reported back to station heads and corporate departments through a proper channel.

ACC Ltd., Ambuja Cements and HZL also have a process for top management to review sustainability performance.

Integration of performance-based metrics into executives' remuneration has been the conventional way of ensuring that individual goals of the executives are aligned with goals of the organisation. Many organisations are using this approach to improve their performance on various sustainability initiatives/practices as well. The graph 3 shows the number of organisations using different type of metrics to determine variable compensation to be paid out to key management personnel.

Performance metrics used for executives' remuneration
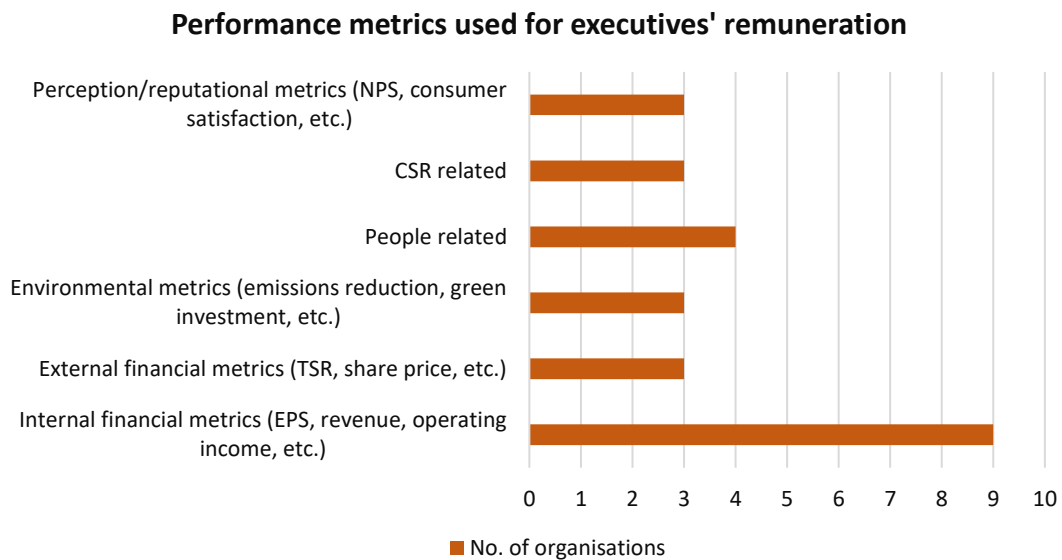
Graph 3

Business Ethics

Business ethics are implemented in order to ensure that a certain required level of trust exists between consumers and various forms of market participants with businesses. This includes business policies and practices regarding potentially controversial issues, such as corporate governance, insider trading, bribery, discrimination, corporate social responsibility and fiduciary responsibilities.

A well-written code of conduct clarifies an organisation's mission, values and principles, linking them with standards of professional conduct. The code articulates the values the organisation wishes to foster in leaders and employees and, in doing so, defines desired behaviour. As a result, written codes of conduct or ethics can become benchmarks against which individual and organisational performance can be measured. It also acts as a guide and reference for employees to support day-to-day decision making. Hence, communicating the policy, training employees on it using various tools as well as motivating them to abide by it, lies at the centre of ensuring an ethical work environment.

ACC Ltd. has a detailed code of conduct that addresses various ethical aspects, including bribery, corruption, discrimination, health and safety, conflicts of interest, insider trading, anti-trust, data privacy, environmental protection. It conducts ethical due diligence before hiring employees; trains all its employees on these policies during orientation and on a regular basis, using classroom training as well as online training modules; and includes it in their annual appraisal.

Inclusion of ethical compliance criterion in individual performance evaluation and annual appraisal act as a deterrent to violations. While about 50% of the organisations have HR responsible for handling this process, the ideal situation is where this evaluation is outsourced to an external agency. Some organisations also use disciplinary actions and warning systems to ensure effective implementation of the code.

While employees remain the focus group for implementation of the code, a lot of companies have a more evolved code that also covers other stakeholders. Such companies also take extra measures to ensure wider implementation of the policy. For example, Imerys Steelcasting ensures that their detailed code is also effectively communicated to other stakeholders covered under the policy, including suppliers, contractors, NGOs, joint ventures and subsidiaries, through regular communication of policy updates and through policy refresher emails. The code is also part of the contractual agreement wherever necessary.

Table 2 shows applicability of the code of conduct for the top players for various stakeholders:

	Employees	Subsidiaries	Suppliers	Joint Ventures	Contractors	NGOs
Reliance Industries Ltd.	√	√	√	√	√	√
Imerys Steelcasting	√		√	√	√	√
ACC Ltd.	√	√	√	√	√	√
HZL	√	√	√	√	√	√
Mahindra Life Space Developers	√	√	√	√	√	√

Table 2

An important aspect of effective implementation of the code is leadership which can be explained as:

● oversight by Board on compliance issues and actions taken

● review of compliance programme by senior management

● appointment a senior executive responsible for ensuring the same, i.e. an ethics and compliance officer. The graph 4 shows that 62% of the organisations have appointed an ethics and compliance officer.

% of organisations with an ethics and compliance officer

62%
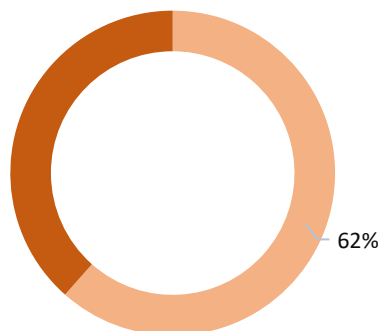
Graph 4

Reliance Industries Ltd. explains its leadership as: It has a dedicated team to oversee and monitor the implementation of ethical business practices in the organisation, named Ethics and Compliance Task Force, which operates under supervision of the independent Audit Committee which further reports to the Board. While it is chaired by the executive director, the head of business integrity plays the role of the secretary and subject matter expert. The organisation has established a vigil mechanism for employees and directors to report concerns about unethical behaviour, actual or

suspected fraud or violation of the code. The task force meets once in 3 months to discuss the complaints/incidents.

Besides having a proper monitoring system for the code and its implementation, Reliance Industries Ltd. Also has a dedicated email for collecting and analysing feedback on the code from external and internal stakeholders. Another example of where the organisation has a system in place for collecting feedback/suggestions is of HZL.

HZL collects suggestions through suggestion boxes kept at entry gates of all operational sites, through HZL IR email id or company secretary and through vendor portals.

Further, HZL not only has ways to collect advice for improving the system, but also has a whistle-blowing mechanism available to both internal and external stakeholders. It ensures the safety of employees reporting any violations through a portal designed specifically for this purpose. An escalation mechanism is also available on the portal. The reported cases are analysed and communicated to other operational sites and measures are taken to avoid such incidents.

For 69% of companies that qualified the site assessment stage, the whistle blower mechanism extends not only to internal stakeholders, but also to relevant external stakeholders.

% of organisations with whistle blower mechanism extending to relevant external stakeholders

69%

Graph 5

- 13
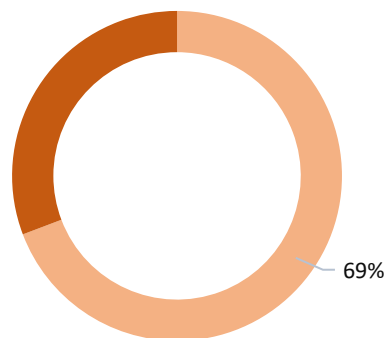
Risk Management

Risk management is the identification, assessment and prioritization of risks, and then deployment of resources to mitigate them or their impacts. It involves growth in recognition of 'sustainability' risks, mainstreaming them in enterprise risk management, and valuation of non-tangible risks.

Risk management has a few core elements. First of which is risk governance. Risk governance of organisations is, generally, dependent on the organisational structure and hence varies for different organisations. However, every risk governance structure must have a senior executive as the top most person responsible for risk management, i.e. a Chief Risk Officer.

Hindustan Zinc Limited has a comprehensive risk management system based on a bottom up approach with risks being identified at unit level, location level and organisation level. There are quarterly meetings at the organisation level with each risk categorised based on likelihood and impact. The group management assurance system team is responsible for day-to-day management and coordinating the risk management system. While the Audit Committee is responsible for overseeing risk management and reporting to the Board about risk assessments and mitigation measures, there is also a subcommittee of the Board with CEO, CFO, Audit Committee Chairman and head of group management assurance as members.

Apart from CRO, the Board must also review the risk management processes and procedures regularly. About 69% of the organisations have a system whereby the risk management process is reviewed at least every 6 months.

Another important aspect of governance is the functional level governance, whereby, different functions are held accountable for different types of risks.

Exide Industries has a well-established governance system wherein it has not only appointed a Chief Risk Officer responsible for overall risk management but also well mapped the functions responsible for each type of risk. The distribution of risk responsibilities among various functions varies depending on the industry the organisation belongs to. The top players have mapped the functions as per table 3:

Function	Strategic Risk	Operational Risk	Compliance Risk	Financial & Reporting Risk
Environment, health & safety	Exide Industries, HZL, RIL	NTPC Ltd., RIL, Imerys Steelcasting	NTPC Ltd., RIL, Imerys Steelcasting	
Supply chain	Exide Industries, RIL	Exide Industries, NTPC Ltd., HZL, RIL, Imerys Steelcasting	RIL	Exide Industries
HR-Talent Management	Exide Industries, RIL	NTPC Ltd., HZL		
IT Risk Management	NTPC Ltd., RIL	Exide Industries, NTPC Ltd., RIL	RIL	HZL
Legal	RIL	NTPC Ltd.	Exide Industries, HZL, RIL, Imerys Steelcasting	
Finance	RIL	NTPC Ltd.	RIL	Exide Industries, NTPC Ltd., HZL, RIL, Imerys Steelcasting
Quality	HZL, RIL	NTPC Ltd., RIL	RIL	
Security	RIL	NTPC Ltd., HZL, RIL		
Corporate Internal Audit	RIL	HZL	NTPC Ltd., Imerys Steelcasting	RIL

Table 3

The next important aspect is the risk assessment/analysis. An organisation can assess its risks through various tools such as risk maps, sensitivity and stress testing, and enterprise risk management. Top players in this aspect adopted the tools listed in table 4 to assess their risks.

Tools	Organisation
Risk Maps	NTPC Ltd., Reliance Industries Ltd., HZL, Exide
Sensitivity and Stress testing	NTPC Ltd., Reliance Industries Ltd., Imerys Steelcasting
Others:	
SAP Governance and Risk Compliance	Reliance Industries Ltd.
Enterprise/ Business Risk Management	HZL, Imerys Steelcasting, Mahindra Lifespace Developers

Table 4

While all applicants state to have used some or the other tool for assessing various current risks, about 92% of them have also identified long term emerging risks and formulated strategies to deal with them. The top three performers have listed sustainability related risks among the long-term emerging risks, including health and safety risks and risks due to water shortage.

% of organisations that have identified emerging risks & formulated strategies to deal with them

92%
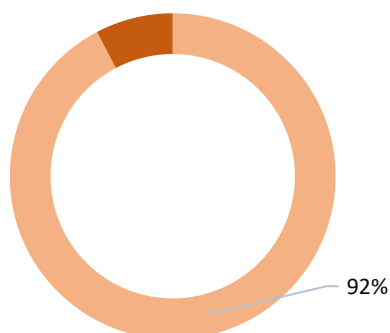
Graph 6

A robust and optimal risk management system is one of the primary requirements for survival of the business. Hence, it is important to ensure that the system is effective, is regularly updated/improvised and is communicated to the employees. Strategies used by various companies to ensure assimilation of this system among the employees, have been listed below:

Financial incentives which incorporate risk management metrics for employees

- **HZL:** For senior executives as well as line managers, risk management is an integral part of performance appraisal based on relevant metrics. There are also incentive schemes for employees.

- **ACC Ltd:** All employees are covered under the incentives plan based on role criticality, individual performance, industry benchmarks, current market trends in compensation.

Focused training throughout the organisation on risk management principles

- **Imerys Steelcasting:** Awareness of impacts of various risks and training on various tools to be used for risk assessment.

- **Mahindra Lifespace Developers:** Training on risk management principles imparted by the group strategy team.

Measures allowing employees to pro-actively identify and report potential risks throughout the organisation; and to provide structured feedback for continuous improvement in risk management practices.

- **NTPC Ltd.:** Risks are captured at station/project level, regional level and corporate level through a dedicated IT tool. Additionally, a feedback/suggestion system

monitored at the Chairman/ Managing Director level allows employees up to the last mile to reach out and report potential risks.

- ACC Ltd.: On identification of any potential risks, employees are recognised and Awarded by various means like instant Gaurav Award, special cash Awards, etc. A 'click to safety' tool has been devised for the same purpose.

Risk criteria is incorporated in product development or approval phase

- ACC Ltd.: When a new project is conceived, sensitivity analysis and stress testing is done for factors like change in future environment regulations, water availability, raw material availability, etc.

- NTPC Ltd.: Head of the business development department is responsible for new businesses venture risk.

Figure 1

The above highlighted methods help strengthen the risk culture in the organisation. However, there must also be a process in place to identify and deal with non-compliances, if any.

ACC Ltd. has a detailed process to deal with non-compliance cases.

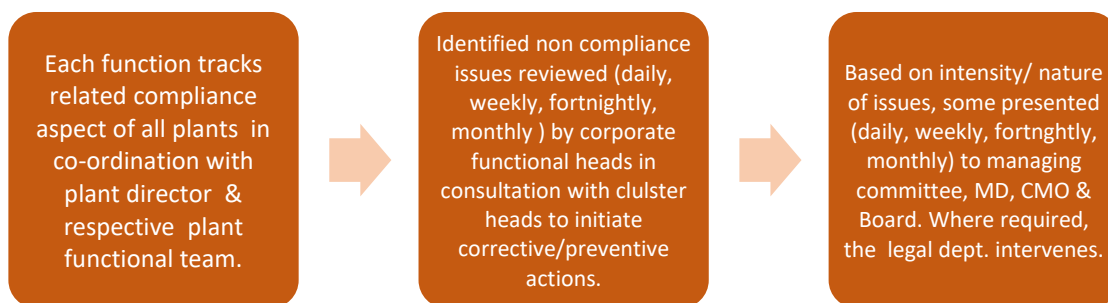| Each function tracks related compliance aspect of all plants in co-ordination with plant director & respective plant functional team. | → | Identified non compliance issues reviewed (daily, weekly, fortnightly, monthly) by corporate functional heads in consultation with clulster heads to initiate corrective/preventive actions. | → | Based on intensity/ nature of issues, some presented (daily, weekly, fortnghtly, monthly) to managing committee, MD, CMO & Board. Where required, the legal dept. intervenes. |

Figure 2

Additionally, they also have:

Legal Affairs Committee
- Meets quarterly to discuss legal and non compliance issues and actions to be taken

Compliance Committee
- Helps maintain regime of zero tolerance towards non compliances

Transparency and Disclosure

How transparent an organisation is, is the extent to which stakeholders have ready access to any required financial and non-financial information about an organisation such as price levels, market depth, audited financial reports, environmental and social performance. Today, there are increasingly mandatory disclosure requirements by buyers, regulators, and markets.

Sustainability reporting has evolved a lot over the years; from no sustainability reporting, to smaller sections on the website to separate sustainability reports, to the current best practice of *Integrated reports (IR)*. While Reliance Industries Ltd. has come up with Integrated Annual report, the top performing companies still follow the practice of publishing a separate Sustainability Report (SR), along with the traditional Annual Report (AR). The Graph 7 shows the breakup of companies by the reports published:

% of organisations publishing different types of reports
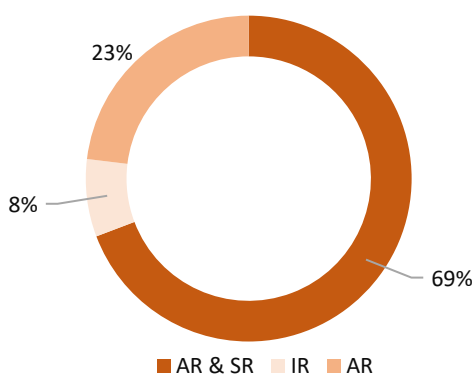
Graph 7

It is worth noting that, all the companies that have reported on sustainability issues, either in the Sustainability Report or Integrated Report:

● have covered more than 50% of its operations in the report.

● adhered to GRI standards for reporting. Some also adhered to other standards like SEBI guidelines on BRR, IIRC's framework, UN SDGs etc.

● have got external/internal assurance for the report, except for one organisation.

Graph 8 shows the percentage of organisations that have obtained assurance for their sustainability reporting:

% of organisations publishing sustainability data along with assurance statement

10%

10%

80%

■ External assurance   ■ Internal Assurance   ■ No assurance
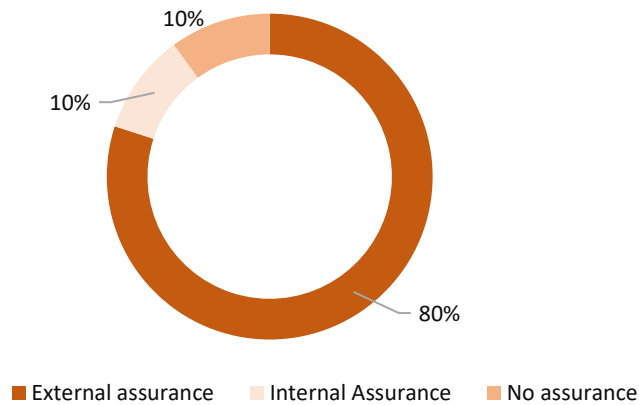
Graph 8

Reliance Industries Ltd. publish Integrated Annual Report and have also included a detailed assurance statement in it. As per the statement, sustainability disclosures in the report have been assured by KPMG for FY 2017-18, which based their work on International Standard on Assurance Engagement (ISAE) 3000 (Revised). It clearly highlights the KPIs covered under the assurance and provides a statement of independence of the auditing team and assurance firm from assurance client, in relation to the scope of this assurance engagement, including not being involved in writing the report. The conclusion provided by KPMG states that sustainability parameters and disclosures presented are fairly represented and are aligned with GRI standards.

While reporting on sustainability issues is a big step towards transparency, aligning this reporting with material issues identified by the organisation makes the reporting more effective. 85% of the organisations have conducted materiality analysis.

% of organisations that conduct materiality analysis

85%
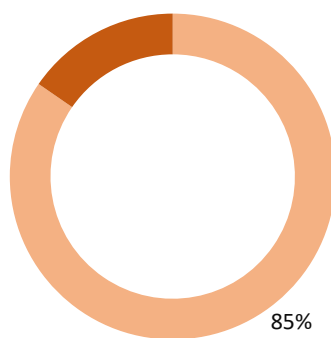
Graph 9

NTPC Ltd. has a structured approach for identifying its material issues which is a combined output of stakeholder engagement and enterprise risk management framework and is divided into three stages.
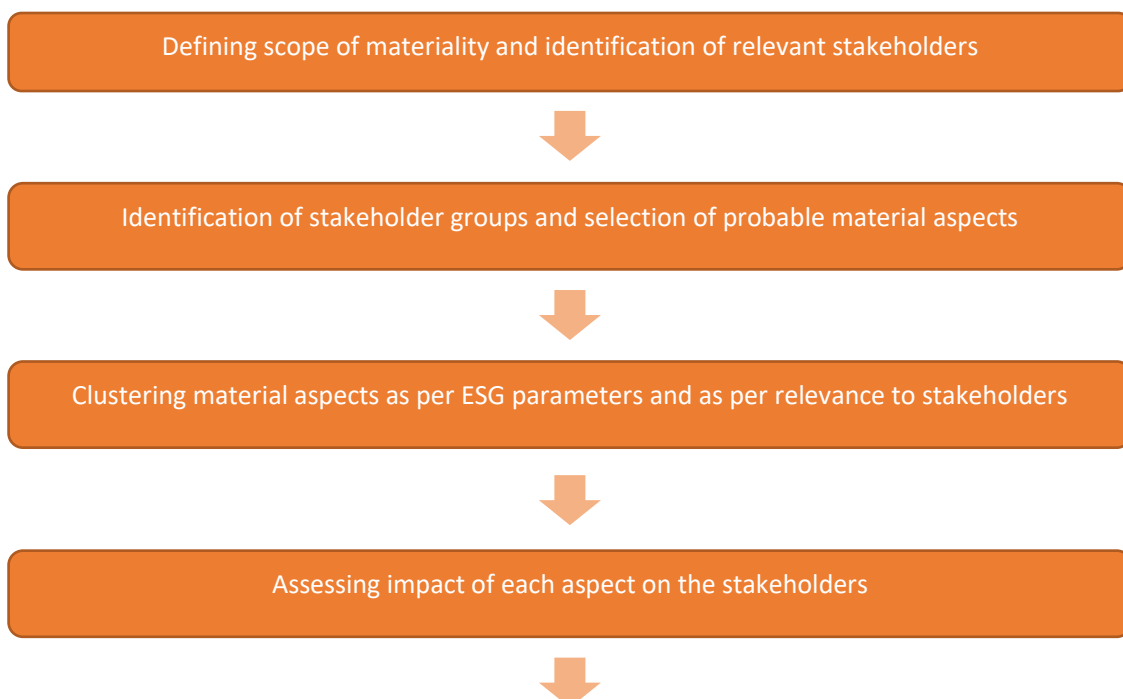
| Stakeholders identified & prioritized through discussions at project, regional & corporate level. Input gathered from identifed stakeholders are bucketed into social/environmental/economic categories. They are prioritsed and reviewed by risk management committee. | → | Issues identified through stakeholder engagement and risk management committee assessment are filtered for relevance to business sustainability | → | Issues prioritized based on significance of social, environmental & economic impacts and influence on stakeholder assessments & decisions. |

Figure 3

Based on the above materiality analysis, NTPC Ltd., has identified following risks to be material for them:

a. Safety and security of people and property

b. Inadequate fuel supply

c. Water availability

d. Timely execution of projects

e. Compliance of emissions, ash utilisation and regulatory norms

Another example is, HZL, which has designed a seven-step sequential process for identifying its material issues.

| Defining scope of materiality and identification of relevant stakeholders |

↓

| Identification of stakeholder groups and selection of probable material aspects |

↓

| Clustering material aspects as per ESG parameters and as per relevance to stakeholders |

↓

| Assessing impact of each aspect on the stakeholders |

↓

Prioritising material aspects based on stakeholder feedback

↓

Discussion by senior management on various aspects relevant for the organisation

↓

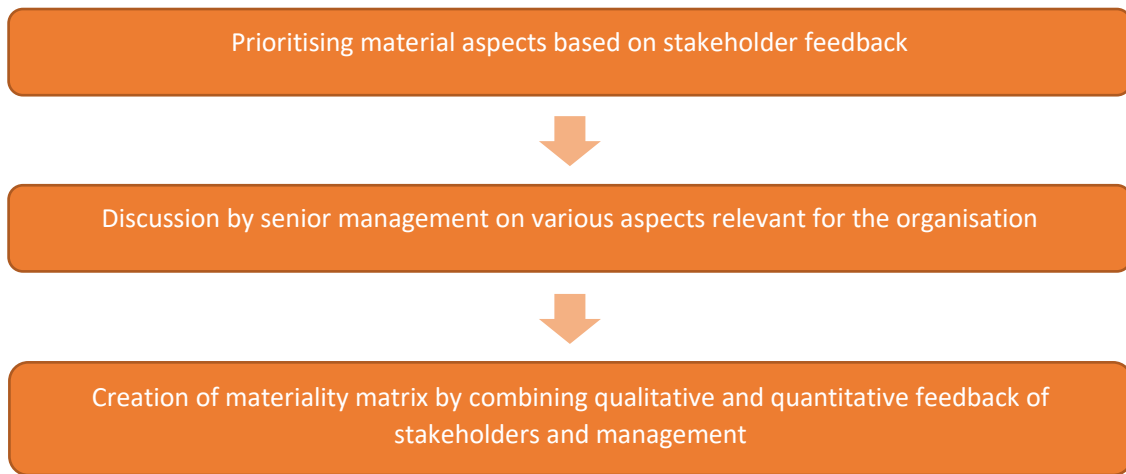| Creation of materiality matrix by combining qualitative and quantitative feedback of stakeholders and management |
| :---: |

Figure 4

Using this process, HZL has identified following material issues:

    a.   Occupational health and safety

    b.   Environment management

    c.   Community development

    d.   Supply chain management

    e.   Employee engagement and wellbeing

Organisations spend a lot of time, money and other resources, to develop their sustainability reports. Hence, it is important to understand if the report has succeeded in meeting its objective of transparency, the definition of which varies for different stakeholders. To ensure this, it must reach out to its stakeholders and collect their feedback.

ACC Ltd. uses a variety of mechanisms to receive feedback from various stakeholders at plant level, at function level, as well as at the corporate level. This includes a proper stakeholder engagement process, one to one engagement, surveys, letters, corporate communications, AGM, employee discussion Boards etc. The feedback on disclosures are made available to all the employees and respective functions to initiate the required corrective and preventive action plan. ACC Ltd. has acknowledged the fact that based on this feedback, their reporting system has become more mature and transparent over the years.

Employee Development

Employee development includes initiatives taken by the organisation to upgrade the existing skills and knowledge of employees. Employee development goes a long way in training, sharpening the skills of an employee and upgrading his/ her existing knowledge and abilities. It helps in developing and nurturing employees to become reliable resources and eventually benefit the organisation.

Employees are the most valuable assets to an organisation and as such it is of utmost importance for the employees to keep themselves abreast with the latest developments in the industry so as to survive the cut-throat competition. Employee development programme not only helps the organisation improve its productivity/efficiency, but also increases employee morale, satisfaction and retention, which again benefits the organisation.

Realising the benefits of training and development programmes, companies have started improving their employee development processes. To start with, organisations like HZL**,** have developed a detailed process for identification of training needs of its staff. The process of identification is a three- tier structure: learning at individual, team and organisational level.

Individual level identification	Team level identification	Organisational level identifcation
• Identified as part of performance appraisal. • Guided by agreed work objectives and longer term career aspirations of the emloyees. • Discussed with line managers who will assess the needs of the team and operational requirements.	• Captured from respective units through formal communication. • Unit HR gathers required team needs from shop floor in coordination with SBUs/HODs/Unit heads and notifies corporate learning and development.	• Captured as a result of new project, change in business, the introduction of new policies and procedures, reviews at ExCO.

Figure 5

After having identified the training needs of the employees, programmes must be developed keeping in mind the following important points:

● **ensure holistic development of employees**: broader categories should cover not only job-related training, but also leadership training and life skill training. For example, Imerys Steelcasting, in addition to on-the-job training, conducts:

Life skill training: Negotiation skills, successful selling skills, communication skills, problem solving tools, introduction to sustainability.

Leadership development training: Organisational leadership for the twenty first century, how to lead a powerful life and achieve your dreams, managing &

developing your people, managerial effectiveness vision, mission & core values, coaching & mentoring motivation.

- **fulfil the identified training needs**: through use of variety of programmes that enable all types of employees, irrespective of their work profiles, work hours and work location, attend the courses and get practical experience. HZL uses training tools/programmes like classroom training, on-the-job training, workshops and conferences, simulation exercises, visit to best practices companies in India and abroad, knowledge sharing meetings, learning implementation projects, coaching & mentoring, institutional training, sabbatical programmes for experienced executives and training through video conference. There are also e-learning modules for contract employees. HZL also matches existing peoples' knowledge, skills and competencies by a shared responsibility matrix.

- **cover all employees**: irrespective of their position levels. At Imerys Steelcasting, 100% of management level employees and 96% of other employees receive training that is tracked in terms of number of hours, amount spent, and economic value added.

Organisations that have been working on and improving their employee development processes consistently, have reported benefits like: fall in employee turnover, increase in vacant positions being filled internally, increase in customer satisfaction, increase in revenue, change in behaviour, problem solving capabilities, etc.

46%

% of organisations that recorded fall in employee turnover

Graph 10

% of organisations that recorded increase in vacant positions being filled internally

54%
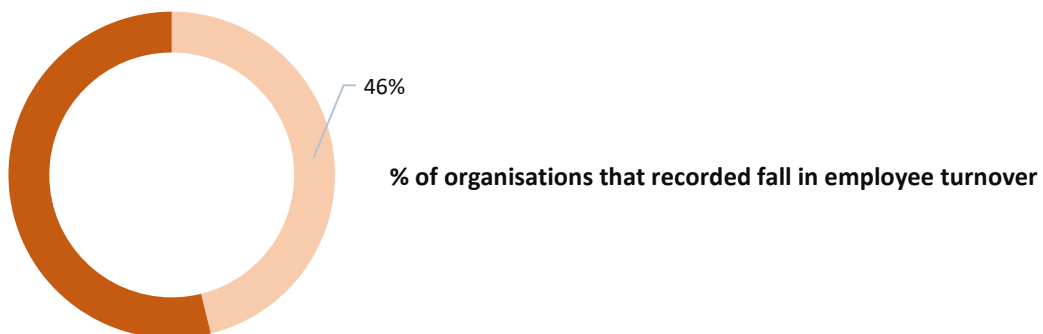
The above discussed benefits are generally attained by the organisations, who not only have good employee development practices, but also have a system where the top management regularly reviews these practices to ensure their effectiveness. Graph 11 shows that 92% of the organisations have understood the importance of review by top management.

% of organisations where top management reviews employee development practices

92%
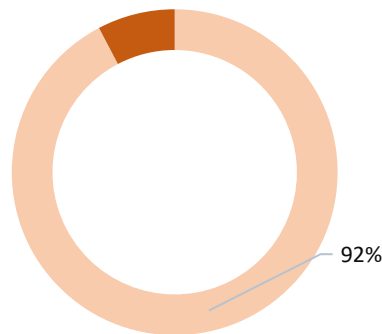
Graph 11

NTPC Ltd., has a talent management system comprising of Performance Management System, Leadership Development System, Career Development Scheme and Succession Planning Scheme to ensure meaningful growth of employees. To assure the effectiveness of this system, it's top management:

● reviews the process once in a quarter for any addition or modification in existing programmes.

● participates in training need analysis and identification of organisational / departmental need.

● encourages employees to participate in competitions, business games, seminars, conferences, present/publish papers/articles and professional and quality circle meets; and then takes feedback from the learners.

As discussed, a well-defined employee development programme helps in retention and motivation of employees. Another factor that helps further, is a just and agreed upon performance management system. All applicants have a performance evaluation system covering at least management level employees. However, some companies, like Hindalco Industries Ltd., Reliance Industries Ltd. NTPC Ltd., ACC Ltd., cover all employees across all levels under their performance evaluation system.

Talent management measures, including employee development programmes and performance evaluation systems, are aimed at increasing satisfaction of the staff and in turn reducing employee turnover. Since hiring employees involves huge induction/relocation/training cost, reduced employee turnover is seen as a cost saved. ACC Ltd. has set a good example by achieving an employee satisfaction rate of more than 90% and a turnover rate (of about 10%) which is limited not to pose risk or significant loss of intellectual capital or human resource, given that the organisation belongs to cement industry.

Health and Safety

Ensuring health and safety requires anticipating, evaluating and controlling of hazards arising in or from the workplace that could impair the health and well-being of workers, taking into account the possible impact on surrounding communities and the general environment.

In a workplace, health and safety regulations are paramount to the well-being of employees and the employer. Any accidents/incidents can have a tremendous impact on the business. Understanding this need and importance, many national/ international standards have also come up to promote occupational health and safety.

A lot of organisations follow these standards to show their commitment to employee health and safety. Graph 12 shows that OHSAS 18001 is the most followed OHS standard:

% of organisations that comply with OHSAS 18001

85%
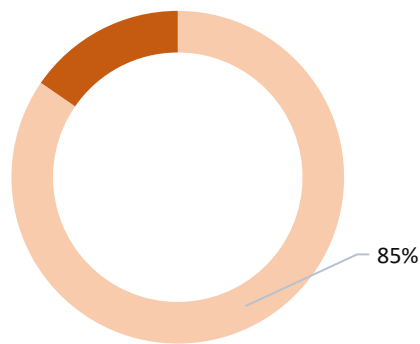
Graph 12

A commitment to having safe business practices/procedures and a policy for the same is the beginning to a more advanced health management system. A health management system should also identify a senior executive, preferably, a Board member as the ultimate person responsible for health and safety. Graph 13 gives a picture of with whom lies the ultimate responsibility of health and safety for most of the organisations.

% of organisations that appointed Board member or management team member as ultimate person responsible for OHS

31%

69%

■ board member   ■ senior management team member
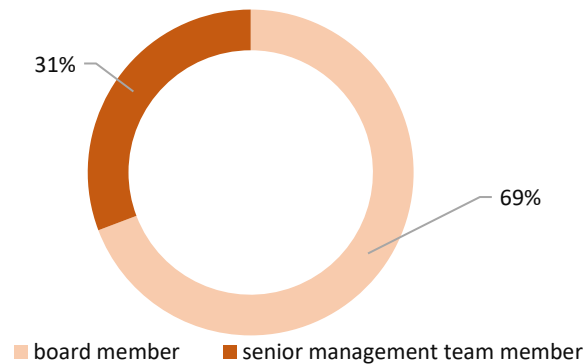
Graph 13

To establish an effective safety culture across the organisation, following practices have been popularly adopted:

- *Identification of health and safety risks:* This is the first step which also becomes the base of all other steps that help promote safe workplace culture. All hazards must be identified to be able to control or eliminate the related risks. HZL has a process for hazard identification and risk assessment across units. They use '5*5' risk matrix for risk assessment wherein risks are identified, categorised as per impact and probability and mitigation plans are prepared. They also use techniques called HAZOP and PHA to identify process risks and prepare mitigation plans. They have also conducted experience-based risk assessment workshop, developed SOPs for the risks identified and started phase wise implementation.

- *Communication of identified health and safety risks to employees:* Employees must be made aware of existing health risks identified by the organisation on a regular basis. ACC Ltd. does it by using a variety of tools/platforms like classroom training, nukkads (drama), tool box talk, posters, safety meetings, safety alert earning and sharing, quiz and other competitions and discussion forums.

- *Training employees on safety procedures:* organisation must also ensure that the employees are trained on the safety procedures.

% of organisations that provide health & safety training to all its employees & workers

62%
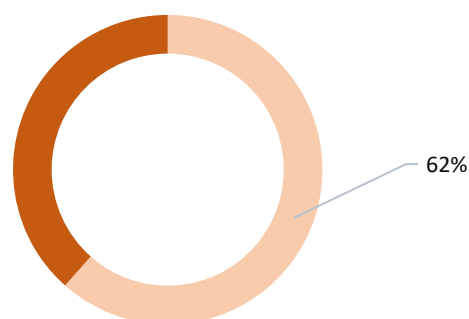
Graph 14

- *Emergency preparedness system:* Organising mock drills, training employees on use of safety equipment and first aid and appointment of an emergency response team are the basic expectations from the organisations. This is evident from the fact that all companies had these procedures in place.

While organisations take various measures to promote safety culture and ensure that they comply with all the requirements of health and safety management system, there must be a check in place to understand the level of compliance and effectiveness of these measures.

- *Conducting a formal audit process:* Audit results represent the level of implementation of measures and level of compliance with the health management system adopted by the organisation. Some companies that have a formal audit process covering all their operations are Reliance Industries Ltd., Hindalco Ltd. and Grasim Industries.

- *Identifying instances where risk was reduced, and safety performance was improved:* TVS Motor has implemented nitrogen purging system and high-pressure water mist system because of which the fire risk in areas like transformers, and engine test rigs are reduced. ACC Ltd. has reported an improvement in various safety indicators like zero contractor's fatality, 40% reduction in lost time injuries, 32% reduction in TIFR, 60% reduction in first aid cases.

- *Measuring effectiveness of the health and safety management system:* Organisations should develop indicators to be able to assess the effectiveness of their health and safety practices. It should also be able to identify issues, if any and improve the system accordingly. A very good example has been set by TVS Motor, which uses Plant Safety Rating System and creates a healthy competition between plants. This PSRS forms an integral part in monthly safety review and also monitored in the executive committee meeting.

PROCESS

Plants are evaluated based on different sets of parameters under lead indicators (like safety audit management, incident management, statutory compliance) and lag indicators (no. of incidents, unresolved safety issues) of occupational health and safety.

1. The weightage and scores plotted in a matrix and total scores evaluated based on each plant performance with respect to the lead and lag indicators. Based on score, plants will be labelled.

2. Responsibilities defined at business level (VP (Operations) and VP (ERM)), plant level (PMD in-charge) and individual unit level (EHS Coordinators).

TVS motors has reported positive outcomes of this process: improvements in line management responsibility, ownership on safety, safety culture change, reduction in injury rate, improved morale of employees

Besides ensuring healthy and safe work environment for employees, top performing organisations have also been focussing on ensuring well-being of the employees. The

various amenities provided by the organisations have been presented in the graph below:

Various well-being amenities provided by organisations
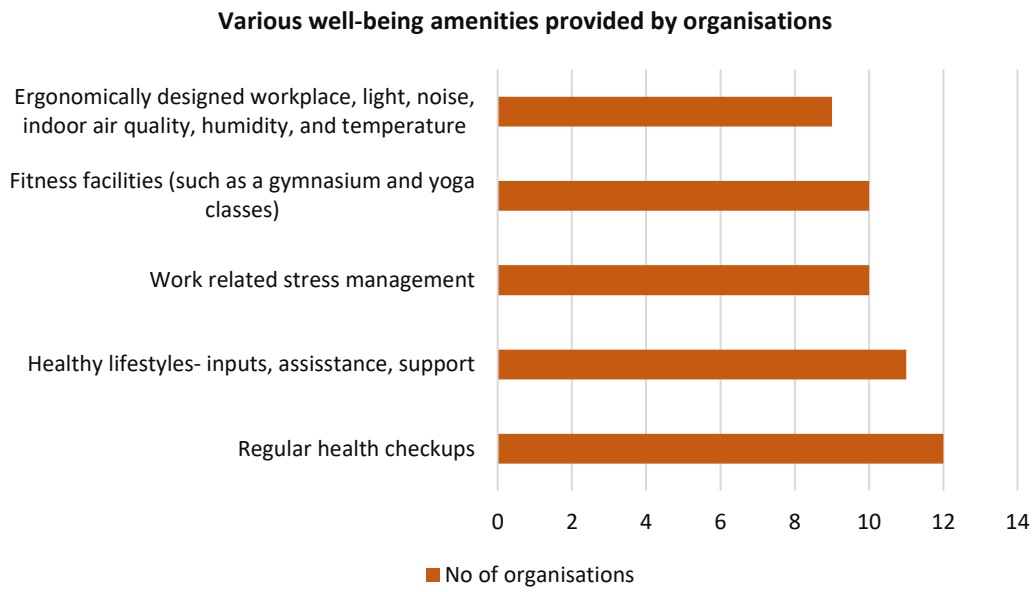
Graph 15

Human Rights

Human rights are rights inherent to all human beings, irrespective of nationality, place of residence, sex, national or ethnic origin, colour, religion, language, or any other status. Everyone is equally entitled to their human rights without discrimination. These rights are all interrelated, interdependent and indivisible.

Ensuring human rights is an undeniable duty of every organisation towards its employees. Hence, organisations are expected to be committed to human rights irrespective of their business and industry. A good practice evolving is adherence to national/international standards (like United Declaration of Human Rights) related to human rights along with organisation specific human rights policy. Some of the organisations doing so are ACC Ltd., HZL, Ambuja Cements and Imerys Steelcasting.

% of organisations publicly committed to human rights

- Policy + adherence to UNDHR
- Human Rights Policy
- No formal commitment
- Adherence to UNDHR
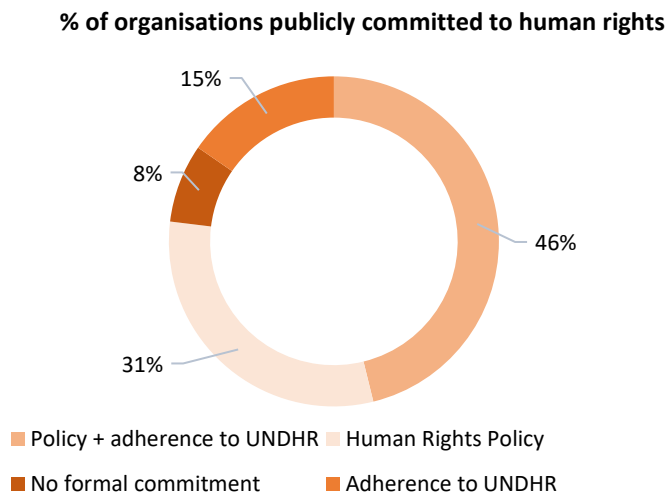
Graph 16

Most of the organisations that have a human rights policy, indicate certain important points:

- *Cover all relevant stakeholders*: policies of all the organisations were applicable to all their employees, suppliers and contractors. Some like ACC Ltd., Exide Industries and Ambuja Cements, also extended the policy to joint ventures, subsidiaries and NGOs.

- *Covers all relevant aspects*: including equal opportunity, child labour, forced labour, sexual harassment, right to freedom of association, right to collective bargaining, reasonable working hours and right to minimum wage. Graph 17 represents the percentage of organisations whose human rights policies cover different aspects:

% of organisations covering various aspects in their human rights policy
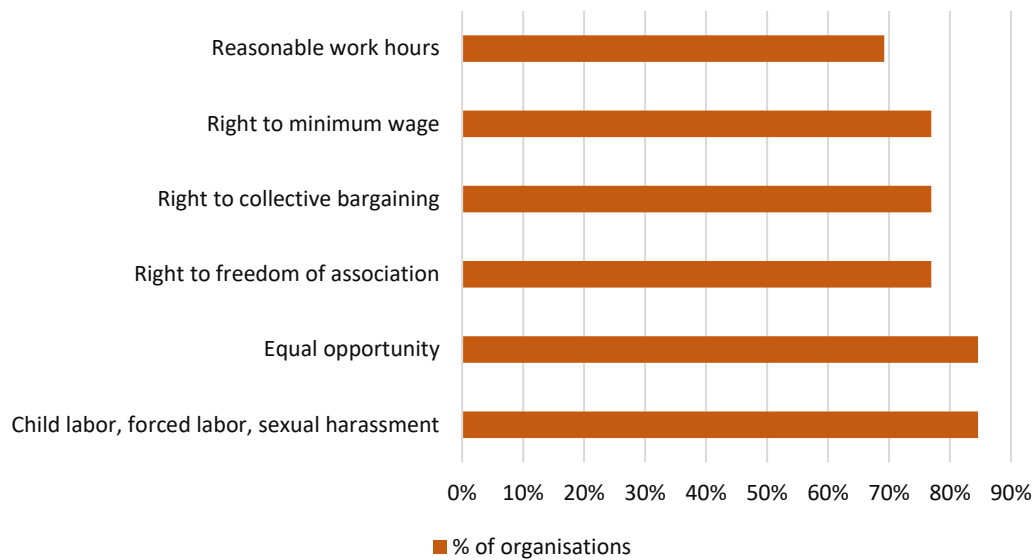
Graph 17

After having designed an adequate policy, organisations must also ensure that the Board or top management has an oversight over related issues. Board/top management of all organisations, but one, have an oversight on the compliance to human rights policies as well as actions taken to address them.

Ensuring that the policies are communicated to the employees is equally important as having an exhaustive policy in place. While including it in the induction of employees has been done by 92% organisations, having the policy available on the intranet and including it in the employment contract also seems to be a common practice. Organisations must evaluate the reach and effectiveness of methods used for communication.

Many organisations go beyond setting and communicating policies and also identify and manage human rights risk in the organisation. For example: ACC Ltd. understands that their operations fall under high risk country. Hence, it conducts a human rights risk assessment. Details of their process on human rights risks assessment have been listed below:

1. *Frequency:* Assessment repeated every three years after initial assessment to evaluate progress on identified issues and identify new potential human rights risks.

2. *Leadership:* CEO is the ultimate person responsible. Human rights risk assessment done with help of self-assessment led by CC/ CSR/ SD responsible at country level.

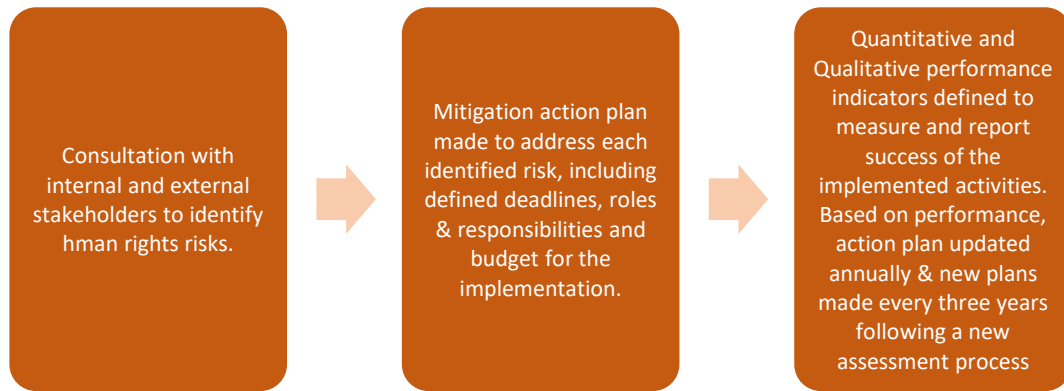3. *Process:* figure 6 details the process

| Consultation with internal and external stakeholders to identify hman rights risks. | Mitigation action plan made to address each identified risk, including defined deadlines, roles & responsibilities and budget for the implementation. | Quantitative and Qualitative performance indicators defined to measure and report success of the implemented activities. Based on performance, action plan updated annually & new plans made every three years following a new assessment process |

Figure 6

Policies and processes in place also need to be evaluated and improved upon regularly to ensure that the process is effective and also meets all recent legislative requirements. NTPC Ltd. has developed structure/platforms, involving employees as well management, to be able to collect feedback on their processes.

● Dedicated group of human rights section in their HR department.

● Workforce in unionised category are empowered to form bodies to organise and discuss their issues and concerns.

● Executives associations at project and the stations.

● Regular interactions with employees/ representative bodies at project, regional and apex level.

● Formal mechanisms to hold bipartite meetings, aimed at getting employee inputs on conditions of employment. Regular feedback received in this regard in the presence of top management director (HR) and other government nominees like INTAC (Indian National Trade Union Congress).

Stakeholder Engagement

Stakeholder is an individual or group who affects/or could be affected by an organisation's activities, products or services, and associated performance. Stakeholder Engagement is a commitment to inclusivity which means giving stakeholders the right to be heard and accepting the obligation to account to them.

Working in coordination with the stakeholders and responding to their needs, is essential for the survival and long-term success of an organisation. Organisation must, therefore, identify its stakeholders, understand their impact on the business, prioritise them and accordingly engage with them. Organisations like HZL and ACC Ltd. have provided the detailed process of stakeholder engagement.

HZL has established a stakeholder engagement standard which requires all operations to carry out their own stakeholder identification and analysis. In the process, they:
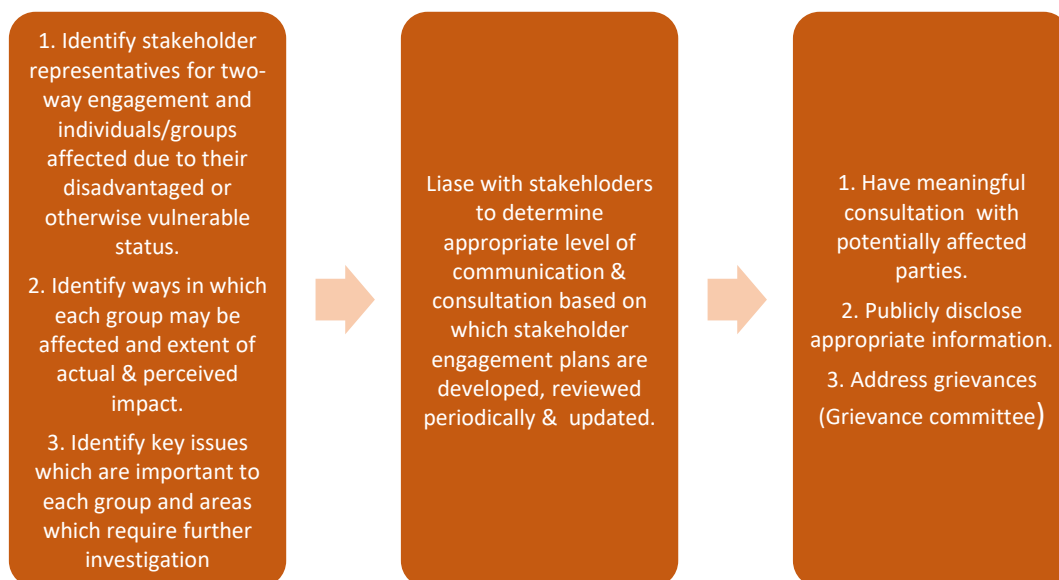
1. Identify stakeholder representatives for two-way engagement and individuals/groups affected due to their disadvantaged or otherwise vulnerable status. 2. Identify ways in which each group may be affected and extent of actual & perceived impact. 3. Identify key issues which are important to each group and areas which require further investigation	Liase with stakehloders to determine appropriate level of communication & consultation based on which stakeholder engagement plans are developed, reviewed periodically & updated.	1. Have meaningful consultation with potentially affected parties. 2. Publicly disclose appropriate information. 3. Address grievances (Grievance committee)

Figure 7

ACC Ltd. has a policy to engage closely with key stakeholder groups across all functions at different levels depending on the nature of relationship and transactions. It includes a detailed exercise of stakeholder identification, mapping their interface & influence and thereafter prioritisation. Members of senior management also participate in the process.

As the first step ACC Ltd., prepares a matrix that maps stakeholders' importance, influence and threat to ACC against ACC's engagement, co-operation and influence on stakeholders. Following is the stakeholders' matrix presented by ACC.
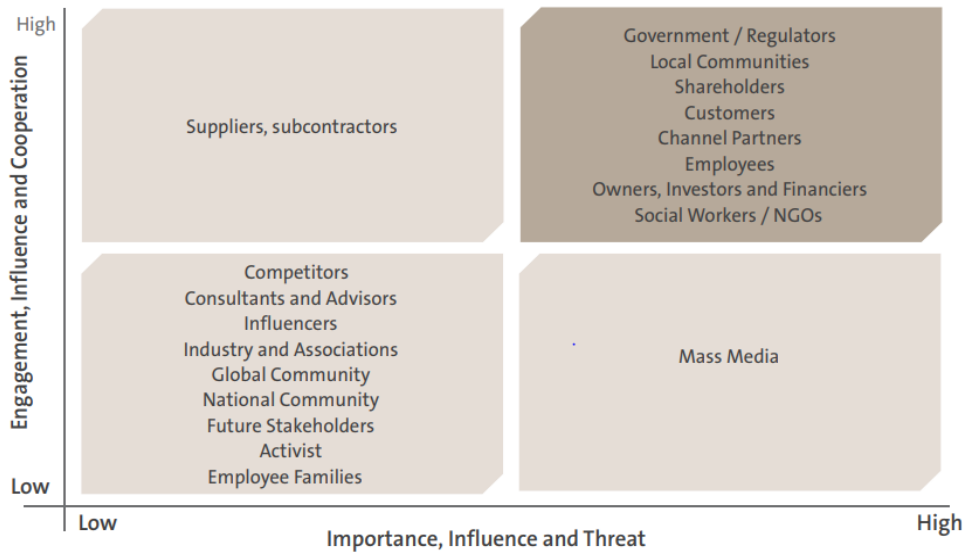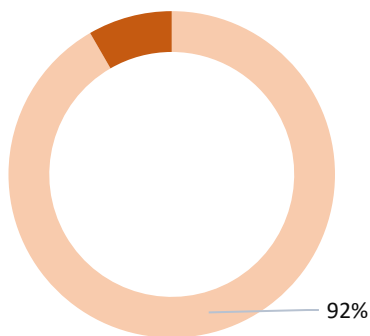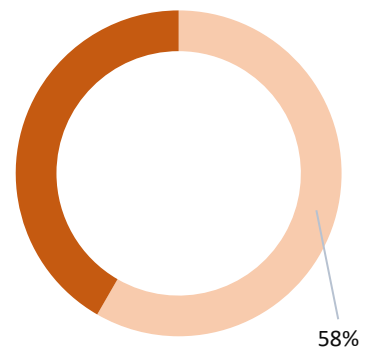
Figure 8[1]

Next step after identification and selection of stakeholders is defining particulars of the engagement with each stakeholder group, including the outcome and benefits of engagement. A detailed study reveals that:
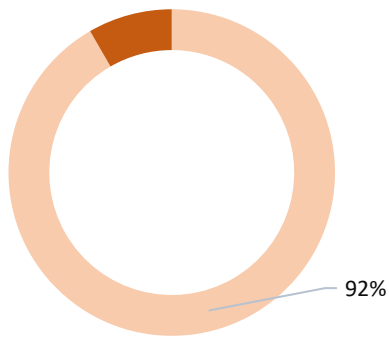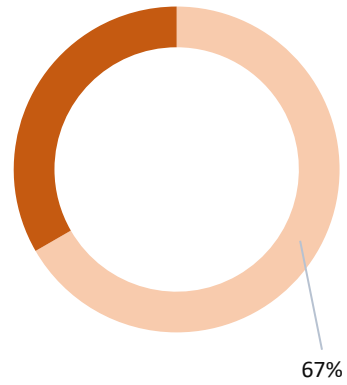
% of organisations that have a mechanism for engagement which also includes follow up procedures

58%

92%

% of organisations that reported frequency of engagement for different stakeholders

---

[1] S*ource: ACC. (2017). Sustainable Development Report, p. 14*

% of organisations that reported quantitative benefits of stakeholder engagement

67%

% of organisations that reported outcomes of the engagement

92%

Graph 18

Based on the engagement, organisations are able to identify the key concerns of their stakeholders. While issues related to employees, customers and vendors are predominant key issues, some organisations have also considered issues related to other stakeholders as material:
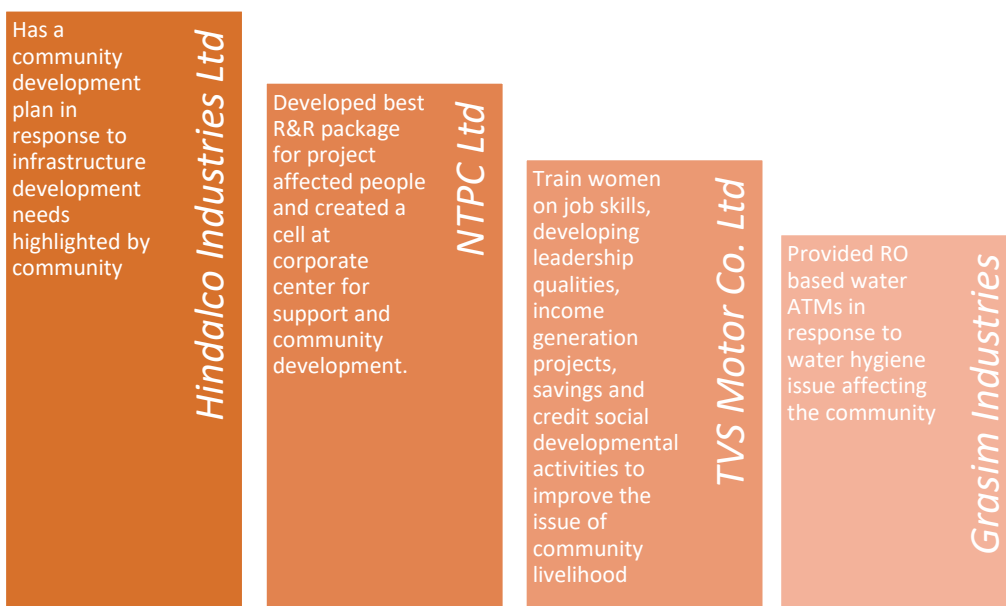
Hindalco Industries Ltd
Has a community development plan in response to infrastructure development needs highlighted by community

NTPC Ltd
Developed best R&R package for project affected people and created a cell at corporate center for support and community development.

TVS Motor Co. Ltd
Train women on job skills, developing leadership qualities, income generation projects, savings and credit social developmental activities to improve the issue of community livelihood

Grasim Industries
Provided RO based water ATMs in response to water hygiene issue affecting the community

Figure 9

Effectiveness of stakeholder engagement mechanism can be assessed from the following systems:

- *Stakeholder perception analysis:* 61.5% of the organisations conduct stakeholder perception analysis, mainly from customers, to study impact of the stakeholder engagement activities on their image. Following graph shows the percentage of organisations which have taken measures to improve the scores:

% of organisations that undertook measures to improve score of stakeholder perception analysis

17%

16%

67%

■ For few stakeholders   ■ For all stakeholders   ■ No measures taken
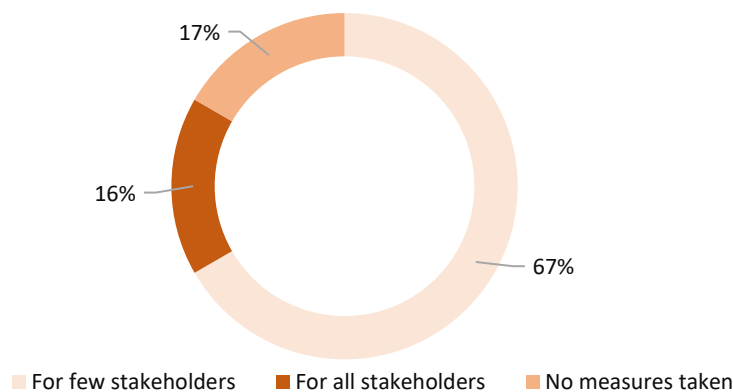
Graph 19

HZL has improved its stakeholder perception analysis score over the years and has also reported the measures undertaken to achieve better scores. Examples of measures taken to improve the score of analysis related to Government or regulators: policy advocacy, CSR projects aligned with Govt. targets, payment to exchequer.

- *Grievance mechanism*: Providing the right platforms for varied types of stakeholders to reach out is essential for an effective stakeholder engagement. These platforms should go beyond language barriers and be easily accessible to all stakeholders. NTPC Ltd. gives various platforms to its stakeholders to submit their grievances including online portal, emails, fax letters, phone line and social media platforms. Every operating station has a CSR nodal officer who can be approached. Moreover, upcoming units have a three-level grievance redressal mechanism: public information centre, village development advisory committee, and regional head quarter forums.

- *Evaluation of stakeholder engagement process:* Collection of feedback for evaluation, from customers and employees has received due attention from most of the organisations. However, some have also focussed on collecting feedback from other groups of stakeholders like communities and government. For example, ACC Ltd takes feedback from following stakeholders:

Regulators: feedback collected through regular visits by management,

Community: community advisory panel made up of representatives from local communities who help in evaluating development schemes and measures, social audit process, interaction with communities.

Vendors/dealers/retailers: feedback through vendor/supplier meet.

- *Sharing of good and bad experiences within the organisation:* All organisations have used some or the other approach to share the experiences of the stakeholder engagement within the organisation. While the use of approaches like debriefing sessions, intranet sites, training modules, internal conferences is more common, some organisations like ACC Ltd., Ambuja Cements and HZL have also opted for more innovative and interactive approaches like road shows.

The policies, procedures and support mechanisms related to stakeholder engagement are the focus of this aspect. However, an important part of the aspect, also in line with standards/principles like GRI, BRR and SDGs, is the engagement with vulnerable/disadvantaged group of stakeholders aimed at their empowerment.

NTPC Ltd. has identified employees and local communities as two stakeholder groups which include disadvantaged, vulnerable and marginalised sections of society. One of the focus groups identified is the physically disadvantaged people with whom regular meetings are organised. It has also taken measures like distribution of artificial limbs, wheelchairs and other aids to differently abled people, scholarships to differently abled children.

Supply Chain Management

Supply chain sustainability is the management of environmental, social and economic impacts, and the encouragement of good governance practices, throughout the lifecycle of goods and services. The objective of supply chain sustainability is to create, protect and grow long-term environmental, social and economic value for all stakeholders involved in bringing products and services to the market.

The first step towards supply chain management is understanding the supply chain, geographical spread, criticality, exposure to risk, and other important aspects. With this in mind, organisations have undertaken:
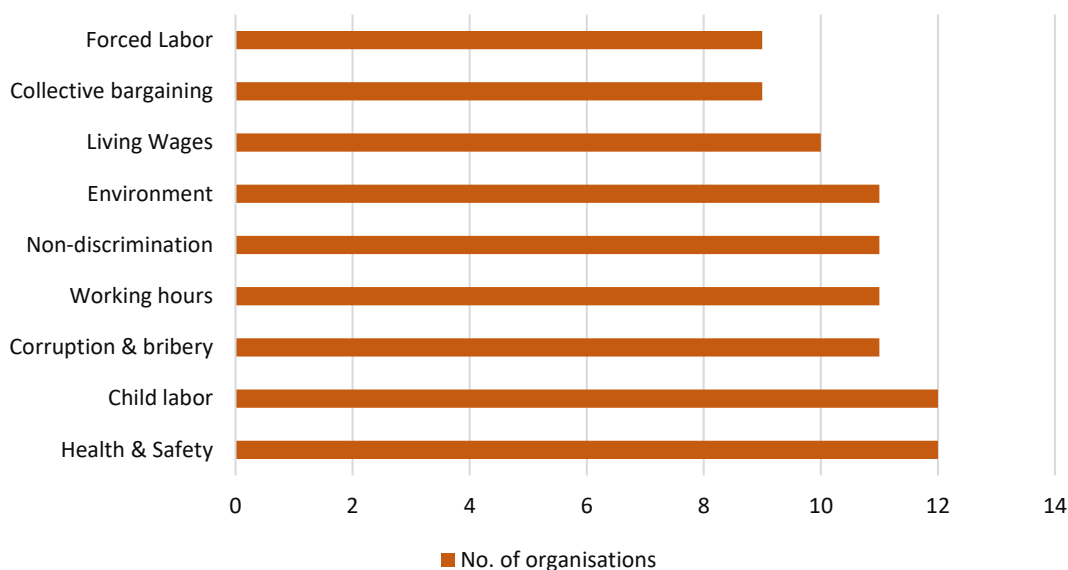
- *Spend analysis:* The top performing companies, i.e. ACC Ltd., NTPC Ltd., Exide Industries have carried out spend analysis of their suppliers. All of them have studied the geographical spread of their suppliers, analysed the supplier spend, tracked savings incurred and identified areas of expense reduction. The analysis has also been used by many to study the supplier's risk and develop a focused approach towards them.

- *Identification of critical suppliers:* 77% of the organisations that made it to site assessment level also have a process in place to identify critical suppliers. NTPC Ltd. has defined its critical suppliers based on high volume, high criticality and non-substitutable items. While Imerys Steelcasting identified suppliers dealing with raw material and packaging material as critical.

Based on the understanding developed of various suppliers, organisations venture into programmes/measures to manage their supply chain as well as help their suppliers mature. Some of the important measures have been listed below:

- *Supplier code of conduct:* More and more organisations are understanding the importance of having a supplier code of conduct in place. Mahindra Lifespace Developers has a supplier code of conduct that:

  1. Covers all important aspects like environmental issues, child labour, forced labour, non-discrimination, collective bargaining, working hours, living wages and health & safety.

  2. Is applicable to tier I, tier II, tier III suppliers, vendors, distributors, franchises, retailers and contractors

  Graph 20 represents the number of organisations which cover different sustainability aspects in their supplier code of conduct:

Different sustainability aspects covered in supplier code of conduct by organisations

| Aspect	No. of organisations
Forced Labor	9
Collective bargaining	9
Living Wages	10
Environment	11
Non-discrimination	11
Working hours	11
Corruption & bribery	11
Child labor	12
Health & Safety	12

■ No. of organisations

Graph 20

69% of the organisations that qualified for the site assessment also have the code integrated into the contract with tier I suppliers to enforce its compliance.

● *Suppliers' risk assessment:* ACC Ltd. has the best practice of risk assessment of suppliers.

1. Potential new suppliers or the existing suppliers are pre-screened/screened for sustainable development High Risk category.

2. This is done with help of category sustainable development risk matrix, where a group of subject matter experts from all relevant functions indicate the suggested level of risk associated with each spend category on aspects: environment, human rights, anti-bribery & corruption and health & safety. Risk levels reviewed in the local context.

3. After classification, all suppliers with at least one high risk mark conduct sustainability qualification (sustainable procurement questionnaire) regardless of level of transactions and spend.

● *Suppliers' audit:* Most of the organisations also conduct audit on their suppliers' environmental and social aspects. Organisations like Mahindra Lifespace developers and Exide Industries have audited 100% of their suppliers.

% of organisations that conducted audit on environmental aspects of the suppliers

69%
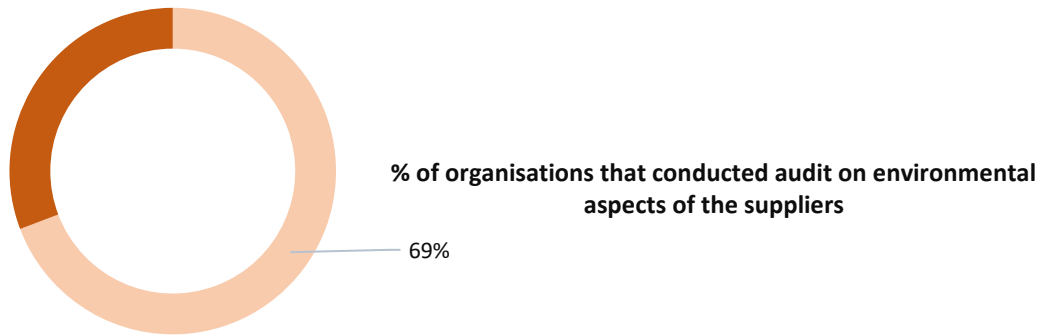
% of organisations that conducted audit on social aspects of the suppliers

77%
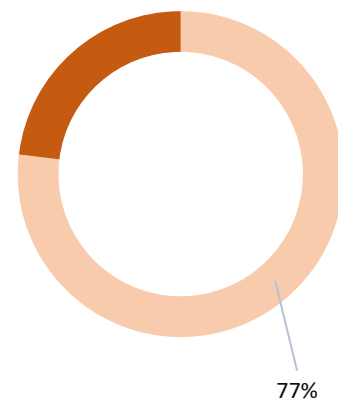
Graph 21

- *Disclosure of sustainability information by suppliers:* About 61% of the organisations require their suppliers to disclose sustainability information, generally on requirement basis. However, one of these organisations, Imerys Steelcasting, requires them to do so on a regular basis, which is also the best practice. Some organisations have also reported to have befitted from such disclosures.

  ACC Ltd. has been able to identify environmental/social risk associated with suppliers based on the disclosures. Gaps are conveyed for improvement. Depending on the actions taken and improvement in performance, ACC renews the contract with the supplier or terminates it.

  Exide Industries has also stated to have benefited from the disclosure. It has helped them ensure regulatory compliance of suppliers, reduce generation of hazardous waste, like plastic, across the supply chain, understand top risks identified by suppliers along with their mitigation plans.

- *Sustainability goals in supply chain:* Many organisations have set sustainability related goals in their supply chain. One such example is Ambuja Cements:

  1. To assess 80% vendors who fall in the high risk spend category for sustainable practices by 2020.

2. To educate suppliers on the issues related to principles of sustainable procurement initiative, i.e. environment, occupational health & safety, child labour, force labour, corruption & bribery and social accountability etc. through proper communication.

3. Implement sustainable procurement in 2018.

- *Capacity building of suppliers:* HZL has set up good examples of capacity building programmes for their suppliers:

  1. Vocational/induction training covers capacity/ capability improvement aspects.

  2. Through knowledge sharing of new technologies and process innovation techniques applied on ground, they have helped suppliers respond to and mitigate the associated risks.

  3. Visit to suppliers' facilities and formal/informal engagements like audits, surveys, risk assessments to achieve suppliers' improvement on sustainability practices.

  4. Mandatory for suppliers to be ISO certified. Skill development programmes for contractual workers like driver education programme.

Capacity building of suppliers towards a sustainability agenda is an important aspect. However, organisations must also train and motivate their own procurement staff to follow these practices. Imerys Steelcasting trains its staff on sustainability issues relevant to procurement processes and decisions as well as incentivises them through rewards and recognition for integrating sustainability factors into procurement decision.

Another expectation from the organisations is to support suppliers from backward/weak sections of the society. Currently, very few are actually doing so. One of them is NTPC Ltd., which has reported to having spent 42% of the total supplier spend on sourcing from SC/ST candidates and 29% on sourcing from MSME.

Despite capacity building of suppliers, organisations do face cases of non-compliances. To deal with such cases, they take a variety of actions. Following graph shows the most popular measures taken:

Measures taken to deal with non-compliances by suppliers
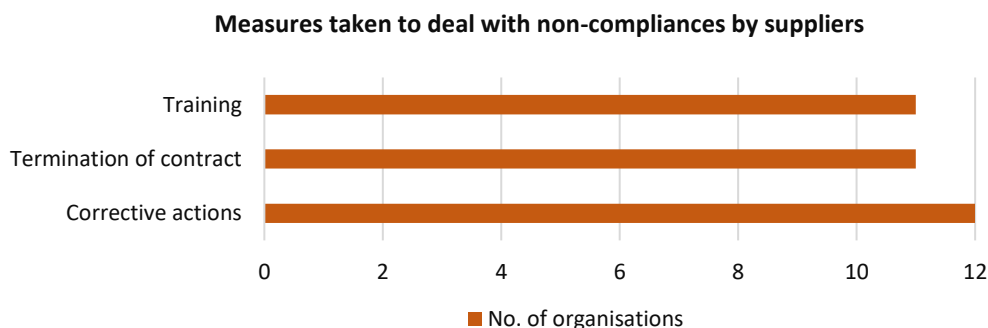
Graph 22

Some organisations have also used measures like formal warning, blacklisting of suppliers and claiming damage.

Moreover, it has also been observed that organisations:

● *ensure the effectiveness of these measures through review by top management*: Organisations like HZL, NTPC Ltd., TVS motors, Exide Industries also arrange for their top management to review the initiatives towards sustainable supply chain.

● *provide opportunities to suppliers to report their issues*: Many organisations have set up a separate whistleblowing mechanism for their suppliers, which is considered the best practice. A few do not have a separate whistleblowing mechanism but encourage their suppliers to communicate their issues to public affairs team or stakeholder engagement team.

% of organisations with whistle blowing mechanism for suppliers

23%

15%

62%

■ Whistle Blowing mechanism　　■ Reporting to other relevant teams　　■ No mechanism in place
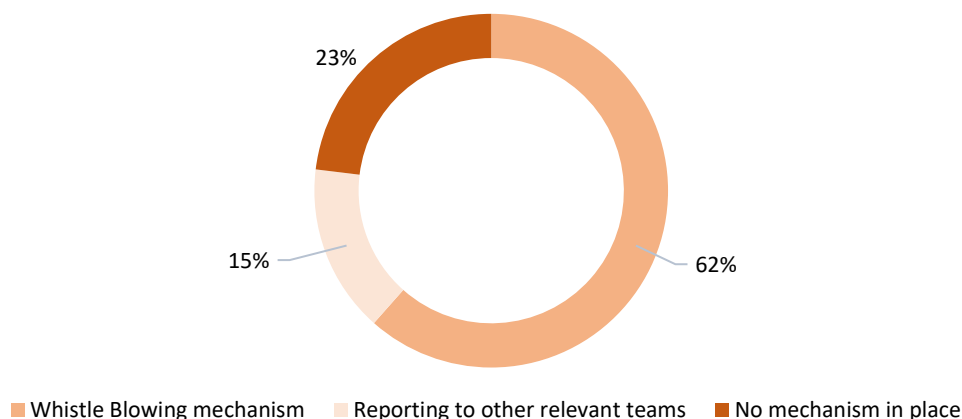
Graph 23

Corporate Social Responsibility

Corporate Social Responsibility (CSR) is an organisation's sense of responsibility and contribution towards the community and environment in which it operates. It has also been defined in the Companies Act, 2013 – Section 135 and Schedule VII.

CSR should be understood as more than corporate philanthropy and should be ingrained in the values and culture of the organisation. The first step towards building this culture is development of a CSR policy and identification of the focus areas. NTPC Ltd. has identified its focus areas as:
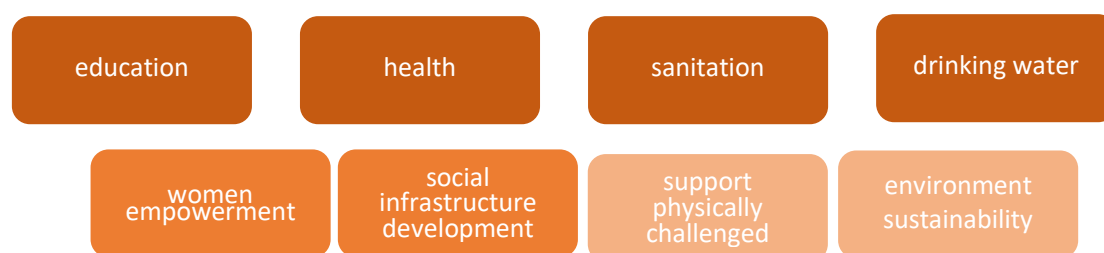
education	health	sanitation	drinking water
women empowerment	social infrastructure development	support physically challenged	environment sustainability

Figure 10

Focus areas identified must also be aligned with the business strategy of the organisation. A business case would truly integrate CSR activities into the business activities of the organisation.

NTPC Ltd. has stated that the above highlighted focus areas are aligned to their business strategy of managing community relations resulting in risk reductions, developing corporate reputation and legitimacy, and gaining competitive advantage. Another example of alignment of focus areas with business strategy is of Exide Industri**es** which states that its CSR focus areas help in building its brand value.

Next step towards CSR is to develop a plan and process to decide CSR activities to be undertaken. Ambuja Cements Foundation (Unit Maratha), has a well-developed process to initiate, plan, and implement programmes and conducts baseline, need assessment and participatory rural appraisals before introducing any programme in the community.

Highlights of its process are:

Participatory Rural Appraisal

Helps identify needs before initiating a project at any given location.

Community Engagement Plan

Prepared annually in consultation with the unit management and incorporates observations from various stakeholder dialogues held throughout the year.

- Stakeholders from the community, public representatives, NGOs, local institutions and Govt. departments participate in SES exercise and review the progress of ACF's work.

- Review is incorporated into budgetary planning for the next year.

- Situational needs are considered for an implementation. Some long-term projects also get implemented under partnership.

Figure 11

Based on the CSR activities decided upon, organisations also set up their total CSR budget as well as budget per activity. Ambuja Cements (Unit Maratha) has distributed its CSR budget on initiatives in the areas of education, public health, child rights, women empowerment, generating employment and eradicating hunger & poverty through their own foundation as well as through other NGOs.

To understand the effectiveness of CSR activities undertaken, it is important to evaluate performance of the initiatives. Some of the most relevant indicators used are:

- *Outcome of activities*: Hindalco Industries (Mahan Aluminium Unit) has listed outcomes of their CSR initiatives like:

   1. *Education*: Students failing previously are scoring 60-70%, increased attendance of students to 100%.

   2. *Health*: Improvement in institutional delivery from 62% to 88%, Improvement in IMR and MMR rate.

- *Impact created:* Vedanta Ltd**.** (Cairn Oil & Gas) uses identified project indicators clubbed with monthly reports, surprise field inspection visits, stakeholder interaction, progress review meetings and quarterly senior management review meetings to ensure expected impacts are achieved. Audits conducted to assess project output, budget utilised and impact created. A third-party assessment is also conducted for identified projects, findings of which are used to strengthen and improve programme penetration and effectiveness. They have disclosed the impact created by their CSR activities, like:

   1. Reduction in unemployment. Students placed have received an average salary of INR 9650 per month. This has a direct impact on wellbeing of the person employed and his family.

   2. Water projects improved the quality of water supplied by reducing the TDS level. As an outcome, 93% of respondents noticed overall improvement in their health as well as that of their household members.

- *Social value created*: Hero MotoCorp has four main elements that were applied consistently to measure Social Return on Investment (SRoI) across projects:

Inputs

Resource investment in CSR activity (such as the costs of running a mobile health van or the skill development programme focused on job readiness)

Outputs

Direct and tangible products from the activity (for example, the number of people benefited from health van or number of people got trained for jobs as also the number of them who actually got a job)

Outcomes

Changes to people resulting from the activity (i.e., for example, new jobs, better income, improved health, better quality of life for the individuals; and reduced dependency on the government)

True Impact

Adjustment of outcomes for the events that would have happened anyway because of other factors. For example,

Figure 12

Hero MotoCorp has calculated SRoI for its different CSR initiatives. One example is of SRoI from environmental focused community projects, that has been calculated to be INR 217. This is cumulative for all its environment related initiatives like installation of solar street-lights/LED bulbs, setting up toilets in schools, planting trees.

While appointment of a Board level CSR Committee and review of CSR activities by the committee is mandatory under Sec 135 of Companies Act 2013, following examples give an understanding of how some of the top performers have structured their review:

- *Review of CSR activities*: Axis Bank's CSR Committee meets every quarter to review CSR policy and initiatives. Recommendations are shared with THE foundation and followed up through subsequent meeting. Best practices from other corporates/NGOs, peer comparison & market intelligence are used to better the existing practices. The foundation's Board manages the work of the foundation through field visits and quarterly meetings, where existing programmes are reviewed for their performance and further action i.e., renewal or course correction of project.

  At TVS Motor, regular assessment of progress is done as regards timelines, budgetary expenditure and achievement of objects of the CSR Policy. They have continuous feedbacks for their projects and mid-course correction plans overseen by CSR committee. The monitoring and evaluation might be assigned to external agency to ensure transparency and objectivity.

- *Review of impact created by CSR activities:* At Vedanta Ltd. (Cairn Oil and Gas), executive committee of each business unit and the group CSR council review the

progress of the BU and group wide CSR programmes monthly. Figure 13 illustrates the process
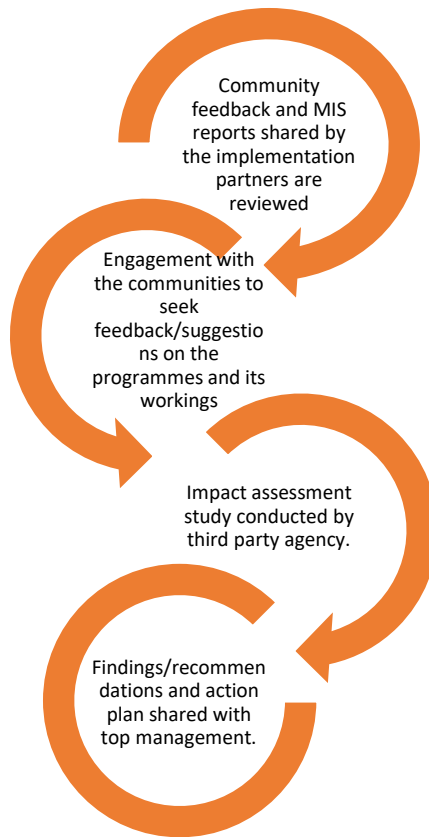

Community feedback and MIS reports shared by the implementation partners are reviewed

Engagement with the communities to seek feedback/suggestions on the programmes and its workings

Impact assessment study conducted by third party agency.

Findings/recommendations and action plan shared with top management.

Figure 13

Based on the above and depending on the need of the community or change in technology or programme execution strategy, the programmes are continuously evolved.

Project impact reports have also been externally audited in organisations like Axis Bank, Hero MotoCorp and ACC Ltd. Some organisations like NTPC Ltd., HZL and Mahindra Lifespace Developers internally audit their project impact report.

While project impact reports definitely help frame/ plan/ modify CSR activities in an organisation, consideration of feedback from relevant stakeholders like the local community, local NGOs help ensure that the programmes are capable of effectively working on the real needs of the community.

ACC Ltd. has set up an informal team, Community Advisory Panel (CAP) to strengthen communication with local stakeholders and participation of community in the development plans. It is set up at the local village level and includes stakeholders relevant to the site like villagers, union representatives, district officials and panchayat representatives. CAP meetings are facilitated by local ACC teams. Meetings involved planning, sharing of information on various aspects and project implementation.

Further, all the top performing companies have a process in place to register as well as resolve CSR related complaints.

In recent years, an evolving trend of ensuring long term sustainability of CSR projects has also been noticed. Organisations have started devising an exit strategy, that includes a long-term objective and guidance to self-sustenance.

Ambuja Cements (Unit Maratha) works on all three pillars of project sustainability: Social, Economic and Environmental.

Social Sustainability	• conducts participatory rural appraisals before introducing any programme • project implementation involving community through institutions such as SHGs, VDCs, Farmers Groups, Farmer Producer Companies, Water User Associations, Women Federations which have undergone training's in administration and governance, and have been on exposure visits and workshops
Economic Sustainability	• partnership with several development partners including government, corporate and donor agencies • In the long term, the community takes up financial and institutional ownership of the programmes
Environmental Sustainability	• ACF implements programmes such as water and land resource management, agro forestry, biomass procurement and such, in partnership with the community, which inculcates the perspective for sustainability in the community
Unit Sustainability Steering Committee (USSC) meets every month to discuss the social and environmental implications of Ambuja' s operations and to ensure sustainability of the programmes.	

Figure 14

All the top performing organisations like Ambuja Cements, Hero MotoCorp, Hindalco Industries, TVS motor, ACC Ltd. have also found ways to increase involvement of their own employees in their CSR activities, for example through setting up ways to contribute regularly and through on-site activities participation during business hours.

Product Responsibility

Organisations are expected to exercise due care in the design of their products and services to ensure they are fit for their intended use and do not pose unintended hazards to health and safety. In addition, communication related to both products and services and users need to take into consideration the information needs of customers and their rights to privacy.

Product responsibility should not be an obligation in terms of regulations but a self-chosen way of business. Every opportunity that the organisation considers for improving the performance of its products, environmentally and socially, also converts to financial benefit and risk reduction for the business. Many organisations have understood the importance of delivering an environmentally and socially responsible product and hence, have shown commitment to product responsibility. Examples below show organisations that have:

● developed environment friendly products or reduced the environmental impact of their products by making process environment friendly,

● taken relevant certifications for such projects, and

● committed resources/money for developing environment friendly products/processes.

Mahindra Lifespace Developers Ltd.	•100% revenue is green revenue. •100% of their projects are IGBC certified. •committed to spending 100% of their planned investments for sustainable projects.
Ambuja Cements Ltd.	•Portland Pozzolana Cement is an environment friendly product and forms 91% of the total production. •certified as per international standard for their environmental impact assessment over the life span of the product. •resources committed to developing environmental product declaration based on various scenarios and using life cycle assessment.
Tamilnadu Newsprint and Papers Ltd.	•built additional reservoir to store monsoon water & 5000 Mt paper was produced without using fresh water. •resources invested ind waster water treatment to reuse treated waste water in paper machines and drinking plants.

Figure 15

There are also examples available of the products developed by different organisations that have been designed/modified products to improve their environmental characteristics. Some of them are:
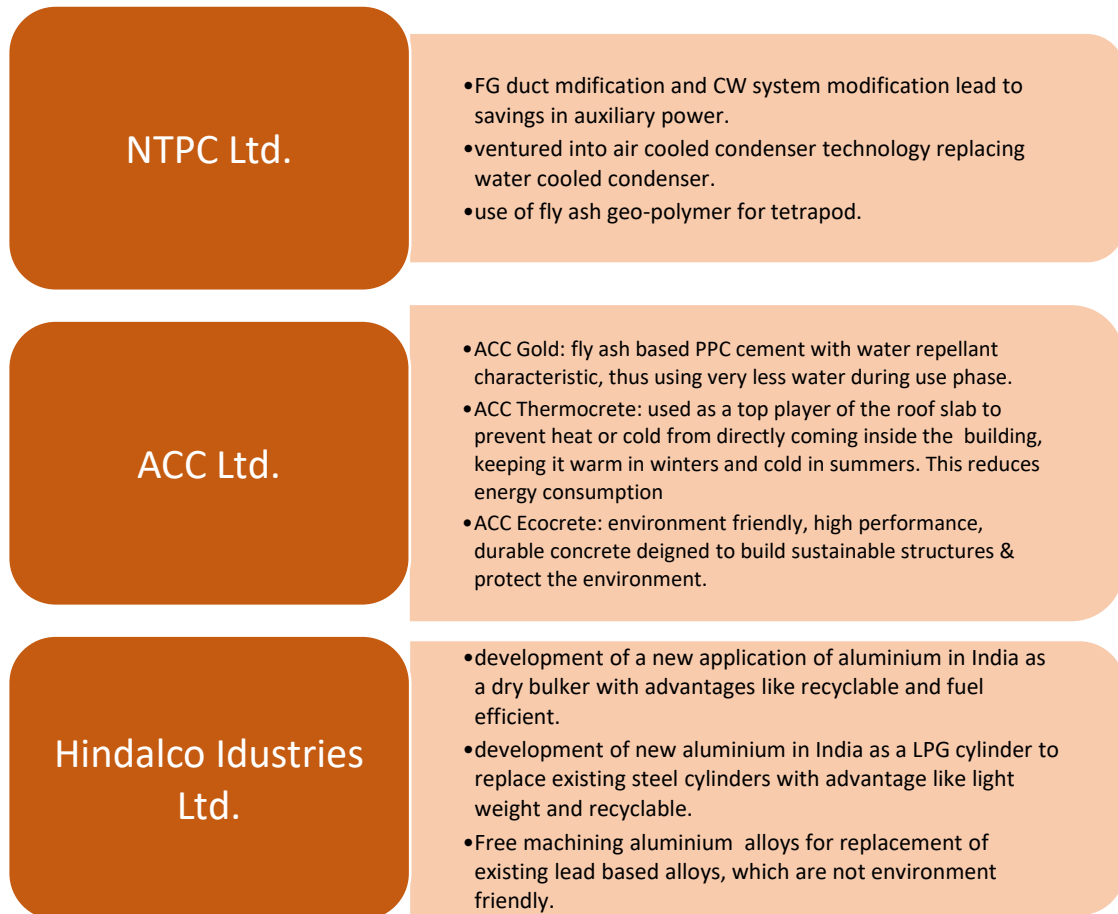
NTPC Ltd.	• FG duct mdification and CW system modification lead to savings in auxiliary power. • ventured into air cooled condenser technology replacing water cooled condenser. • use of fly ash geo-polymer for tetrapod.
ACC Ltd.	• ACC Gold: fly ash based PPC cement with water repellant characteristic, thus using very less water during use phase. • ACC Thermocrete: used as a top player of the roof slab to prevent heat or cold from directly coming inside the building, keeping it warm in winters and cold in summers. This reduces energy consumption • ACC Ecocrete: environment friendly, high performance, durable concrete deigned to build sustainable structures & protect the environment.
Hindalco Idustries Ltd.	• development of a new application of aluminium in India as a dry bulker with advantages like recyclable and fuel efficient. • development of new aluminium in India as a LPG cylinder to replace existing steel cylinders with advantage like light weight and recyclable. • Free machining aluminium alloys for replacement of existing lead based alloys, which are not environment friendly.

Figure 16

Development of environmental products has been boosted by the use of Life Cycle Assessment (LCA). LCA gives the complete picture of a product's impact on the environment throughout the life cycle of the product. Exide Industries has conducted LCA for all its products. Following is the breakup of organisations that have conducted LCA using standards like ISO 14040 and ISO 14044:

% of organisations who conduct LCA

38%

50%

12%

■ ISO 14040 and ISO 14044 ■ Any other standard ■ No LCA conducted
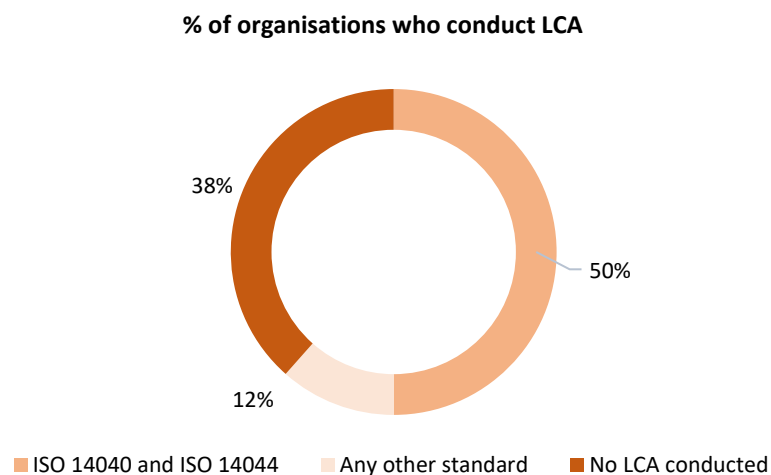
Graph 24

Many organisations like Ambuja Cements have also reported the resources dedicated for their LCA process. Details for Ambuja cements are given below:
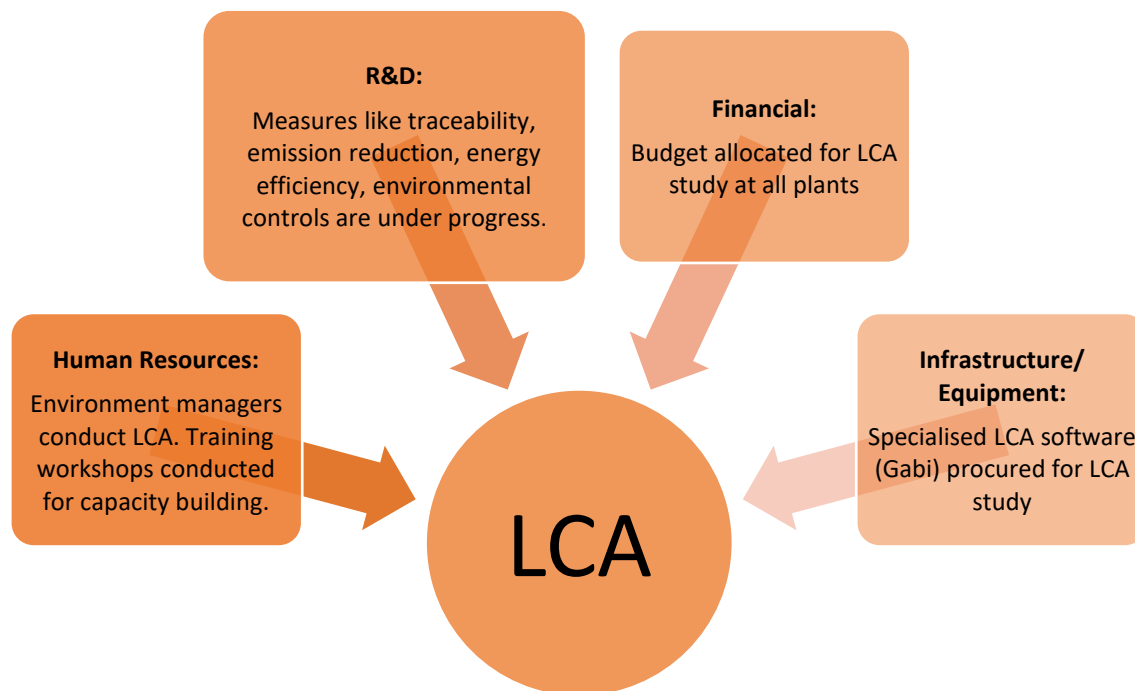
Figure 17

Many of the organisations have also reported benefits from these assessments. These benefits include: reduction in resource use consumption, reduction in negative environmental impact, increase in positive environmental/social impact and increase in top line/bottom line/market share. Some examples of benefits of LCA reported by the participants are:

ACC Ltd.	TVS motors	Hindalco Industries Ltd.
• helps identify environmental hot spots right from extraction, sourcing, logistics, manufacturing, fuel mix, end of disposal and to develop mitigation plan. • improve market share in green building sector.	• used to calculate recyclability, reusability and recoverability (RRR) rate of the vehicles, which is then tried to be improved. • better selection of material for the vehicle by comparing impact categories of various material. • better selection of processes.	• helped identify hot spots against which various improvement scenarios have been developed, like smelter pot design change to improve energy effiiency, benefication of bauxite ore, use of fly ash and bauxite residue in cement/ construction applications.

Figure 18

Other than the development of products/services with characteristics beneficial for environment/society during production and use phase, some organisations have also taken steps to reduce the environmental impact related to disposal. Ambuja Cements reclaimed 100% of their packaging materials and Imerys Steelcasting has started product reclaim.

Besides LCA, the top performing organisations also conduct assessment on the health and safety impact of all their products/ services for improvement. 69% of organisations have conducted this assessment on all their products and services.

% of organisations whose health & safety impact of all products/services are assessed for improvement

77%
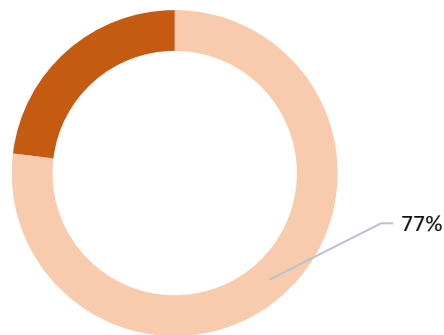
Graph 25

The concept of product responsibility has evolved over time. From just environmental/ social responsibility of the product to a more holistic concept of responsibility towards the customer, which is also integrated with brand management.   Mahindra Lifespace Developers has evaluated various aspects of product responsibility. They have been detailed below:

Product Responsibility

- A quality management system based on Plan-Do-Check-Act framework.

- Comprehensive Quality police and standard operating procedures defined for all service functions and construction activities.

- Quality metrics defined and monitored.

Customer Satisfaction

- Brand health score measured once in two years with the help of external agency.

Brand Management

- Customer satisfaction survey conducted every year and reviewed by top management.

- Improvements recorded and plans for better scoring prepared by CFT.

Figure 19

All organisations are not only required to manage their responsibility towards the customer in terms of product quality and product impact but are also required to meet some level of disclosure requirements. While all organisations provide product information on the labels to the extent required by law, 48% of them also go beyond regulatory requirements.

Environment Management

Organisations have an impact on living and non-living natural systems, including ecosystems, land, air, and water. This includes inputs (e.g., material, energy, water) which organisations take to produce and outputs (e.g., emissions, effluents, waste). Management of resources used means using these materials in the most productive and economical way possible, keeping quantities consumed and waste to a minimum.

An environment management policy shows commitment of the organisation towards environment conservation. It is expected to encompass aspects of climate change, energy use, water consumption, resource efficiency and waste management. Top performing organisations like ACC Ltd., Hindalco Industries, Hero MotoCorp, HZL and Ambuja Cements have a policy covering all the above aspects. All of them also disclose their environment policy in the public domain.

Some of the important features of environmental management reflected by the companies are:

- *Top management reviews environmental performance*: Of these organisations, while Hero MotoCorp, Ambuja Cements and HZL have a Board member/Board level committee responsible, at the highest level, for environment management, ACC Ltd. and Hindalco Industries have assigned the responsibility to a senior management team member.

- *Environmental management system:* All of them also have environmental management system in place.

% of organisations with ISO 14001 certified EMS

7%

93%

■ 80% or more sites certified   ■ 50% -80% sites certified
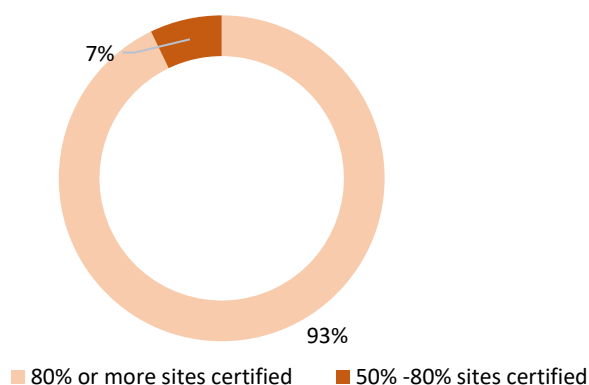
Graph 26

- *Emergency preparedness plan:* All organisations have an emergency preparedness plan in place.

- *Environmental risk management process:* Most of the top performing companies have also studied their exposure to environment related risks through a system

where environmental management risks and opportunities are integrated into the multidisciplinary organisation wide risk management process. The risks identified have been classified as physical and regulatory. Physical risks are those arising due to physical changes associated with climate change (such as floods, droughts, and heat-related illness), regulatory risks include those which arise due to changes in the regulatory landscape.

% of organisations that have integrated environment risk into multidisciplinary company wide risk management process

89%
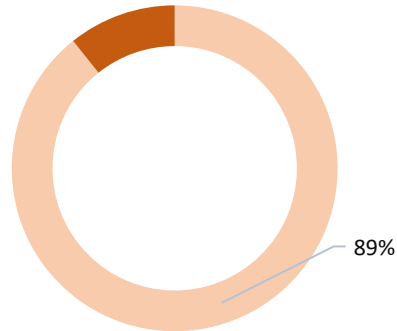
Graph 27

The rest 10% have a specific environmental risk management process.

● *Strategies to deal with identified risks:* Hero MotoCorp, Kings International and Ambuja Cements, Unit Maratha have identified risks and opportunities related to environment including climate change and have come up with strategies to deal with these risks.

Organisation	Risk/ Opportunities	Strategy to deal with them
Kings International	Water scarcity	● Recycle, reuse and rain water harvesting. ● Adopted pond for water harvesting in nearby village. ● Electro oxidation process to recycle and reuse waste water
	Govt. orders to close tanneries and to maintain TDS of 2100 mg/l for treated effluent discharged to any water body.	● Trails/tests for processing leather with recycled waste water. This will reduce fresh water intake and reduce waste water discharge.
Hero MotoCorp	Frequent change in regulations interrupting business like change in emission norms of vehicles from BS III to BS IV and further upcoming norms to BS VI.	Risks discussed with relevant stakeholders and a risk mitigation plan is prepared to figure out mitigation actions
Ambuja Maratha	Quality of discharge water	Installed AFR co-processing unit for utilising hazardous and non-hazardous waste.

Table 5

While in the above listed examples, organisations have adopted different strategies for dealing with the identified risks, an underlying common objective of all is to minimise the negative impact of their operations on the environment. Therefore, many organisations also take initiatives to reduce negative impact of their operations on the environment. Some good examples are:

Hero MotoCorp	
Reduce energy consumption	• Solar PV capacity enhanced to 6MW • Air conserve system, replacement of AC's with five-star rating and VFD's, trip circuits for ideal running machines, etc. • Waste heat from gas generator is used to heat water which is further used in paint shop pre-treatment, chemical bath heating, etc.
Reduce water use	• Zero liquid discharge system minimises the volume of wastewater that requires treatment of process wastewater in economically feasible manner. • Rain water harvesting
Increase resource efficiency	• Robotic painting which increases paint application efficiency reducing paint consumption • 99% packaging material is reused
Reduce waste	• Paint sludge, chemical sludge, grinding sludge and phosphate sludge are processed into alternate fuels for cement plant kiln. • Plaint sludge converted into primer

Ambuja Cements, Unit Maratha	
Reduce energy consumption	• Replacement of MP turbine with more energy efficient HP turbine • Replacement of kiln and PC coal firing PD blower to high efficiency Godrej blowers • Alternative fuel used in cement kiln to reduce traditional fuel
Reduce water use	• Wastewater treated in neutralisation pit, which is then used for dust suppression • Water meters installed in makeup water lines to control the losses and optimise water use
Increase resource efficiency	• Improved raw mix design to increase use of low-grade limestones, thus increase mine life • Use waste lime sludge from paper mills, reducing additive consumption
Reduce waste	• Oil used for primary, secondary, tertiary lubrication to reduce hazardous waste • 100% utilisation of fly ash and bottom ash in cement manufacturing

Table 6

Some of the organisations took initiatives not just in terms of improving their processes but also in terms of innovating products that lead to environmental benefits. For example, Reliance Industries Ltd. introduced product Relwood, which looks and behaves like wood but is much stronger. It is an environment-friendly alternative of wood, developed out of natural silicates, polymer and specialised blend of additives.

Performance of the top performers like Ambuja Cements, Unit Maratha and Unit Ambujanagar, ACC Ltd. and Hero MotoCorp on their key environmental parameters is presented in the following table:

| Parameters	Ambuja Maratha	Ambuja Ambujangar	Hero motorcar	ACC Ltd.
% of raw materials sourced sustainably	100	100	100	90
% of raw materials that is recycled	6.38	31	14.03	26.29
% of total energy that was renewable	0	5.61	3.20	2.02
% of employees trained on environmental aspects	100	100	100	100

Table 7

Also, all these companies are also:

● committed to green sourcing.

● use internal carbon pricing as a strategy to manage climate related business risks and prepare for transition to a low carbon economy.

Some of the other examples of organisations that have adopted good practices are:

● Toyota Kirloskar understands exposure of its operations and supply chain to water risks. Hence, they recycle and reuse all their wastewater. This recycled water satisfies about 65% of their total water requirements.

● TVS Motor also treated 100% of their wastewater. Further they process 100% of their waste using different methods:

% of waste processed by Toyota Kirloskar using different methods

■ Recycled waste ■ Waste composted ■ Waste to energy ■ other methods
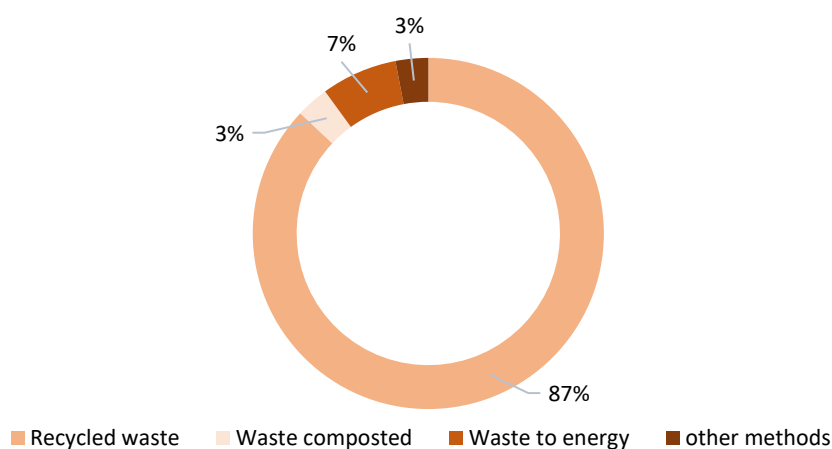
Graph 28

It is also important to ensure that the organisations monitor their environmental performance:

● *Compliance with the environmental requirements:* Toyota Kirloskar ensures 100% compliance to all statutory environmental requirements. In fact, they set up a benchmark that is 20% more stringent than the applicable regulatory standards and ensure conformance with the same through:

1. Online/offline tools and robust mechanisms such as LCMT, comprehensive legal compliance system to monitor compliances on real time basis.

2. Engagement with experts to advise on the latest regulations and changes in the existing regulations on a monthly basis. Action plans are updated and communicated to relevant stakeholders

3. Monthly review of environmental compliance status report by EMR in presence of senior management.

4. Centralised environment group comprising of environment engineers and specialists.

● *Review by top management/Board*: Most of the organisations also ensure that their environmental performance is reviewed on a regular basis at the top level.

In this context, Reliance Industries Ltd. has developed a monthly reporting of environmental performance indicators at individual level. The reporting is submitted to corporate sustainability team and gets reviewed at the executive committee and eventually at the Board level. In addition, the organisation also has HSE committee to quarterly review the environmental performance of the organisation and an Environmental Compliance Review Committee at each manufacturing site.

At Hero MotoCorp, the Executive Director-Operations (EDO) monitors the environmental targets. The EDO, and plant heads, review environmental performance every month against these targets in the form of environmental dash board presented by the EHS department. This performance is also reviewed at the Sustainability Steering Committee level before being presented at the Board meeting held quarterly.

- *Evaluate process and use learning to make improvement:* HZL Dariba Smelter Complex also has a system in place to evaluate its EMS to make further improvements. They use a sustainability risk assurance tool, VSAP, to assess compliance with the Sustainability Framework including, environmental laws and regulations. VSAP is an annual process with tracking of results by the Sustainability Committees and the Executive Committee, which in turn report to the Board. As per the identified gaps, corrective gap-filling actions are taken, periodically reviewed, evaluated and documented. The successes and failures are identified and highlighted, and cross-learning opportunities are created.

Biodiversity

Biological diversity - or biodiversity - is the term given to the variety of life on earth and the natural patterns it forms. It forms the web of life of which we are an integral part and upon which we so fully depend. Threats to biodiversity include habitat loss, unsustainable use of ecosystems and over-exploitation of biodiversity, climate change, and pollution.

Biodiversity has evolved as an important aspect of environment management. While many have included biodiversity conservation in environmental policies, some have even developed separate policy on organisation-wide approach towards biodiversity. Following graph represents the percentage of organisations committed to biodiversity conservation.

% of organisations committed to biodiversity conservation

11%

39%

50%

■ Group wide policy   □ Covered under environmental policy   ■ Policy under consideration
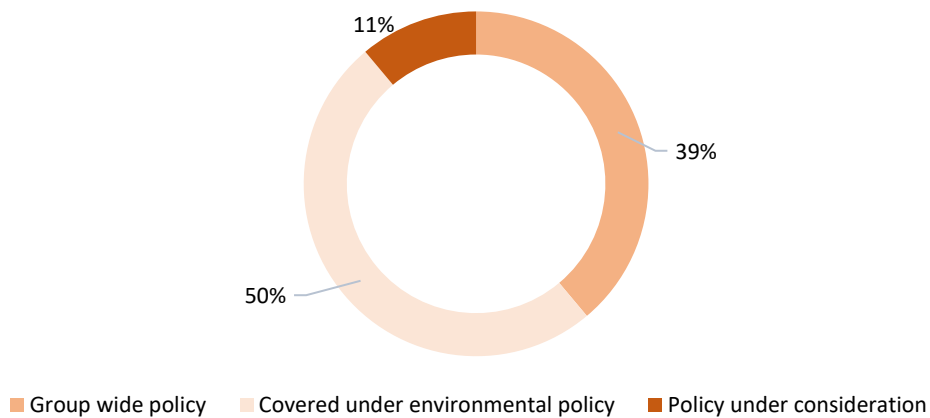
Graph 29

Organisations that are committed to biodiversity conservation, have taken various measures/initiatives to be able to achieve desired results:

● *Defined the governance structure*: ACC Ltd. has detailed their biodiversity governance structure as:

Environment managers and mining heads are responsible for implementation of directives, policies and initiatives at site level.

Biodiversity champion appointed at group level, who reports to Director - Environment, Energy and Sustainability.

Director provides monthly and quarterly updates to EXCO including CEO.

Critical issues are discussed and reported at Board level.

- *Appointment of biodiversity champion*: 72% of the organisations have also appointed a biodiversity champion.

% of organisations that appointed a biodiversity champion:

72%
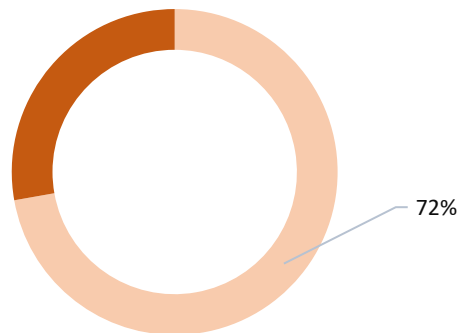
- *Set up a long-term biodiversity management plan***:** Tata Steel has developed Biodiversity Management Plan (BMP) for eight of their mining sites with the help of IUCN, after conducting comprehensive biodiversity impact assessments. They aim at rolling out BMPs for all other mining sites too. They have also identified initiatives based on BMPs.

TVS Motor have defined their long-term biodiversity management plan to include:

1. Allocation of land for greenery and forest :30% of factory land.

2. Creation of new and diverse habitats to attract more biodiversity.

3. Creation of interconnected water bodies.

4. Creating water bodies with bottom lining in forests.

5. Bringing out standards for maintenance of trees in factory premises.

6. Sparrow conservation activities including breeding boxes.

7. Planting avenue trees along PWD roads.

ACC Ltd. has set up a biodiversity management system at the organisation level that defines the methodology to develop Biodiversity Management Plan (BMP). They have already developed a BMP for an identified sensitive site (Gagal), are developing BMPs for three more sites and have set a long-term target of developing BMP for all active sites by 2020.

Risk mapping		BMP development		Rehabilitation
•Sites classified into various risk categories based on biodiversity importance and level of impact.	→	•Based on risks identified and together with relevant stakeholders, Biodiversity Management Plans (BMPs) are developed including short term and long term targets	→	•Rehabilitation plan aimed at meeting these objectives is established and aligned with mining or extraction plan.

Figure 20

- *Conducted biodiversity impact assessment:* Best performing organisations like Tats Steel, ACC Ltd., TVS motors and Asian Paints have conducted biodiversity impact assessment on operation site as well as surrounding area of up to 10 Kms. The assessment also covered ecosystem services.

- *Assessed impact of various activities/aspects on biodiversity*: About 61% of the organisations have assessed how their products and services impact biodiversity during use phase. Further, organisations like ACC Ltd. and Tata Steel monitor overall impact of their products & services, as well as that of their activities, supply chain and transportation & distribution on biodiversity. Graph 31 shows the percentage of organisations that evaluate impact of different activities/aspects on biodiversity:

% of organisations that evaluate impact of different activities/aspects on biodiversity
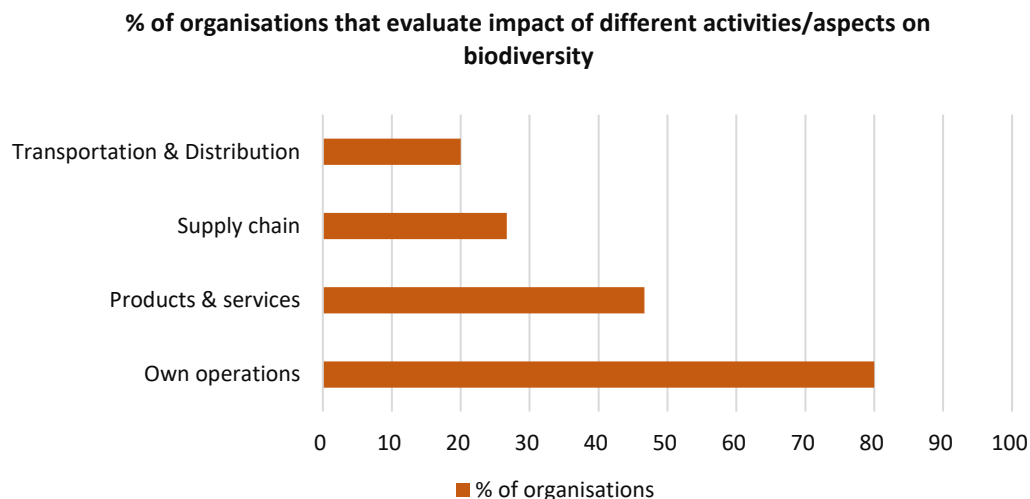
Graph 31

Moreover, there are organisations that have further assessed the impact related to their supply chain in detail and tried to reduce the negative impact. A very good example is that of Hindalco Industries, which has studied impact of its critical and non-critical suppliers, procured all materials sustainably and used only those final products that are sustainable.

% of organisation that managed impact related to their procurement
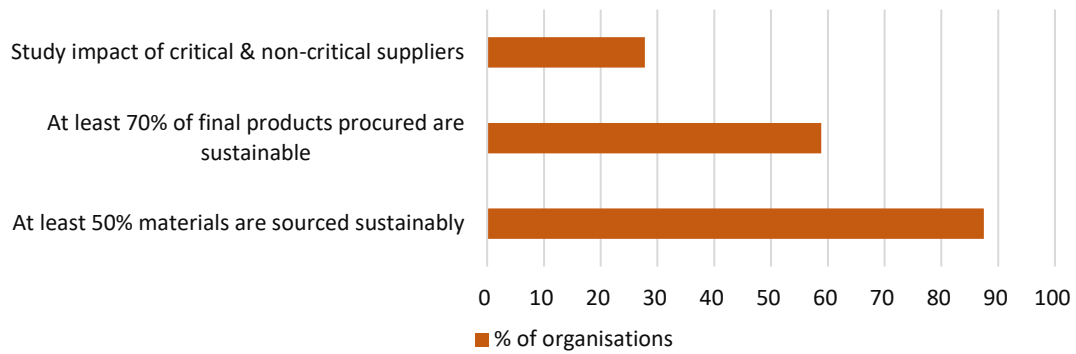
Graph 32

- *Trained employees*: Organisations like Hindalco Industries trained all their employees on biodiversity and ecosystem services. The programmes include:

  1. Showcasing best practices on implementation of biodiversity.

  2. Awareness about applicable related laws

  3. Panel discussions with experts.

- *Had their top management review biodiversity initiatives:* TVS Motor prepares annual reports on forests and submits it to the top management every year. They further ensure the review of initiatives towards biodiversity and ecosystem services by top management in following way:

  1. Estate Management Department takes care of nature and environment aspect. It is governed by a vice-president and his team, including a naturalist and consultant.

  2. The president along with Board of Directors reviews the forest developmental work.

  3. The Chairman reviews wildlife and environment progress on a regular basis through field visits, meetings, reports and specific presentations.

  All the review minutes are drawn, and follow-up actions taken up item-wise. Review findings are used for further planning and addition of all resources. Biodiversity and ecosystem observations and suggestions lead to developmental actions, and improvements are accordingly made as and when deemed feasible.

Other than the above initiatives, organisations have also been taking initiatives to make their customers aware about the product they are using and to educate them on ways to limit impacts on biodiversity.

- Organisations have been labelling their products in a way relevant to sustainable sourcing, even including information related to biodiversity impact. Some examples are TVS Motors, Mahindra Lifespace Developers and Exide Industries.

- While organisations like Tata Steel and TVS Motors provide product information to customers on ways to limit impacts on biodiversity, about 44% organisations also actively engage with customers through discussions and training.

Winners 2018

CII-ITC Centre of Excellence for Sustainable Development

CII-ITC Centre of Excellence for Sustainable Development is a not-for-profit, industry-led institution that helps business become sustainable organisations. It is on a mission to catalyse innovative ideas and solutions, in India, and globally, to enable business, and its stakeholders, in sustainable value creation. It's knowledge, action and recognition activities enable companies to be future ready, improve footprints profiles, and advocate policymakers and legislators to improve standards of sustainable business through domestic and global policy interventions.

CESD leverages its role of all-inclusive ecosystem player, partnering industry, government, and civil society. It has been a pioneer of environment management systems, biodiversity mapping, sustainability reporting, integrated reporting, and social & natural capital valuation in India, thus upgrading business in India to sustainable competitiveness.

With two locations in India, CESD operates across the country and has also been active in parts of South and South East Asia, Middle East, and Africa. It has held institutional partnerships and memberships of the United Nations Global Compact, Global Reporting Initiative, International Integrated Reporting Council, Carbon Disclosure Project, development agencies of Canada, the USA, the UK, and Germany.

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