Confederation of Indian Industry

CII-ITC Centre of Excellence for Sustainable Development

Enduring Value

17th CII-ITC SUSTAINABILITY AWARDS 2022

Excellence in Sustainable Business

YEARBOOK

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Process 2022

The CII-ITC Sustainability Awards were established in 2006 to promote the most significant achievements and inspire the revolution's leaders. We recognize and award firms who go above and beyond to make their operations more sustainable and inclusive. The recipients of this Award are those who exhibit excellence in sustainable business; they serve as models for other businesses to imitate. The CII-ITC Centre of Excellence for Sustainable Development (CESD) is continuing its efforts to raise awareness of sustainability performance and build the capability to mainstream them through the creation of the Awards. We take sustainability seriously, and this is what sets the Awards apart. The procedure requires serious, organisational commitment from applicants in terms of both their time and money.

The Jury, which was reconvened in 2019 with a new Jury Chair, serves as the jury for the Awards. Corporate Excellence, Environment Management, Biodiversity, and Corporate Social Responsibility are among the award categories. Applications of Intent (AoI) from companies were invited to commence the Awards process in March. Companies had to use the online tool at this point to pick the Award category they wished to apply for as well as their turnover category. After the companies had submitted all AoIs, they were provided access to the Awards questionnaire, the responses to which would serve as the foundation for the desk evaluation. In order to make it easier for people to complete the Awards form, webinars were held in June to explain how to use and navigate the online tool and questionnaire. For the categories of Domain Excellence and Corporate Excellence, completed questionnaires were submitted in June.

As companies filled out the application forms, CESD trained a group of sustainability assessors who would later evaluate the applicants on-site and at their desks. A total of 48 assessors were trained during an assessor training workshop that was hybrid in nature (i.e., both physical and online) in May. In July, 132 assessors were split up into 25 teams, each of which included both new and seasoned assessors. It was made sure that each team member would be allocated to an organisation rather than their own sector.

After candidates submitted their questionnaires, CESD examined each one to look for any information gaps depending on which applications were chosen for desk assessment. The assessment teams were given access to the questionnaires of the companies once CESD determined which ones would proceed to the next phase. Teams used the online tool to evaluate submissions from the beginning of July to the beginning of August.

After the desk evaluation was completed, a jury meeting was conducted in September to review each applicant's case in depth. The Jury selected the applicants who were eligible for the site visits based on these talks. After this meeting, CESD set the dates for the site visits, which were conducted from the end of September to the beginning of October. Assessment teams met with applicants during the site visits, and the latter addressed any problems the former had found during the desk assessment. They also confirmed the details applicants had supplied in the Awards questionnaire. The teams revised their tool evaluation based on their observations during site visits and presented the results.

The winners were chosen at the final Jury meeting in November based on the updated evaluation. The Awards garnered 77 AoIs in 2022. 48 of them were eligible for evaluation, and 28 were recognised.

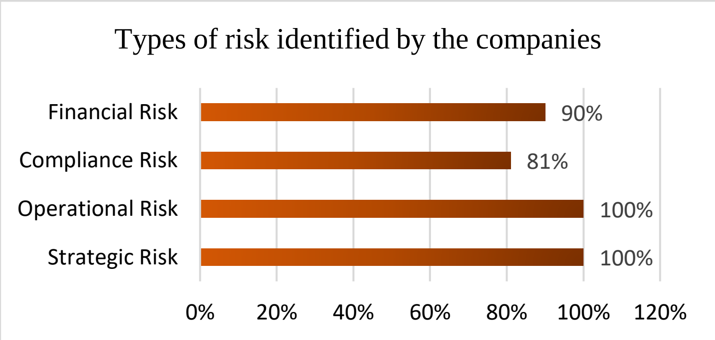
Executive Summary

The CII-ITC Sustainability Awards were specifically created to inspire organisations to pursue sustainability with persistence in their governance, operations, and strategy. These are the core building blocks for a future-proof business. In the wake of the financial crisis, businesses have not really managed to rebound, but dependence on them is higher than ever. Therefore, it is crucial for businesses to rethink their business strategies, drive changes in consumer tastes, and spend money on cutting-edge technology.

The Awards give companies the chance to not only get this new viewpoint, but also to use the Sustainable Business Excellence Model as a holistic model to accomplish their sustainability goals. This Model has aided applicants in evaluating their sustainability performance and sharing best practises with firms that are committed to the future. Both internal learning and external credibility have emerged as sources of competitive parity as more applicants go through the rigorous Awards assessment process.

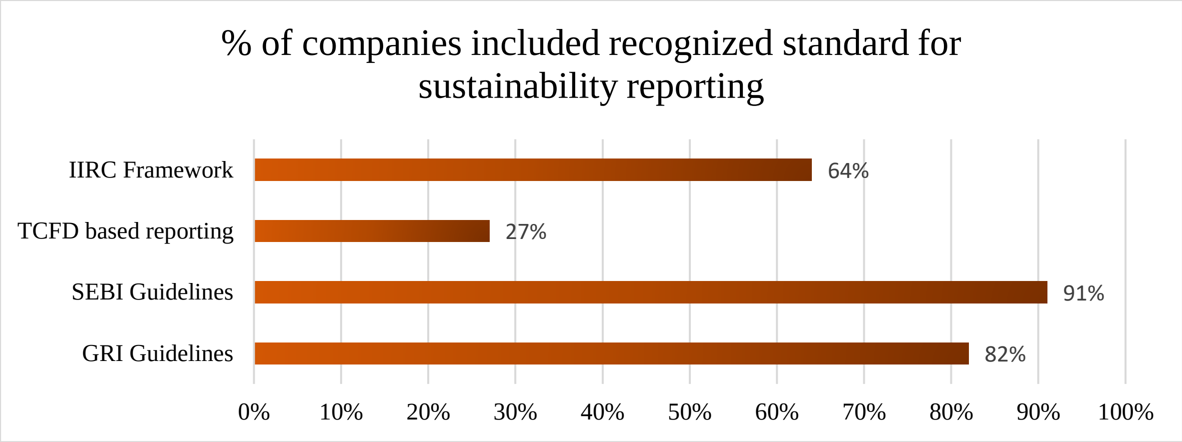
Sustainability is regarded as being ingrained in corporate governance's vision, mission, policies, and long-term goals. For the sake of transparency and building trust with shareholders and other key stakeholders, the organisations disclose board member education backgrounds and other board affiliations. Organizations place a high value on women serving on boards, and some even have diversity initiatives in place.

All organisations place a high priority on business ethics, and both internal and external trainers have provided staff with pre- and post-induction training on code of conduct procedures. To guarantee that code of conduct guidelines is correctly followed, ethics and compliance officers are typically present in organisations. Business ethics are implemented by the appropriate use of policies, responsibilities, procedures followed during investigations, and actions taken in case of code of conduct infractions.

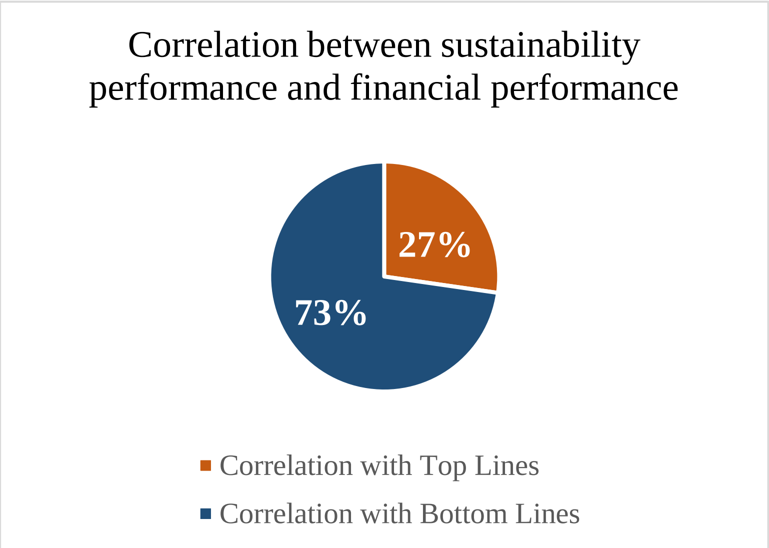


Organizations identify hazards, with the major risks falling into the operational and compliance categories. For risk identification, several tools are employed, such as risk mapping and sensitivity and stress testing. There are procedures in place to handle non-compliances. These are certain specific risks that the companies have identified using the above-mentioned tools.

Every organisation report on sustainability-related topics. To prevent bias, most of these reports are externally assured. To create a more understandable, inclusive, and consistent sustainability strategy, materiality analysis has been used. Some businesses have used outside consultants to help them undertake materiality analyses that show best practises. 91% of companies get their sustainability reports assured externally using standards like AA1000 and ISAE 3000.

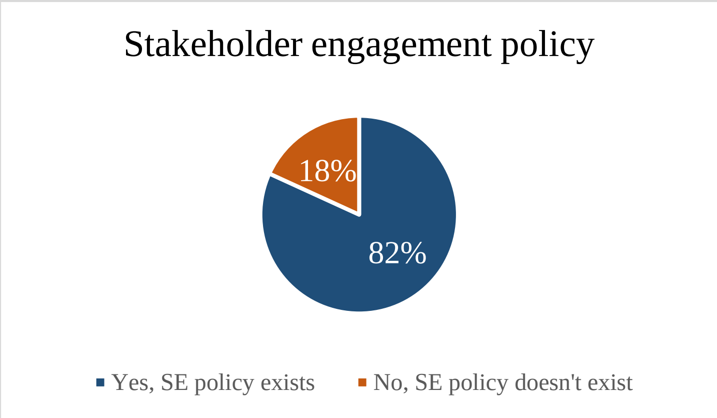


Businesses are taking a greater interest in the welfare of their employees. To gauge the effectiveness of the trainings given to them, a variety of indicators are employed, such as a decrease in employee attrition and customer satisfaction levels. In order to discover, evaluate, and minimise any violations of the employees' rights, operations carry out human rights' due diligence.



The world we live in, and the current economic paradigm are both shaped by financial models. Taking this into account, ESG factors have dominated organisations' investment decisions. Through top lines and bottom lines, organisations have discovered a link between their sustainability performance and financial performance.

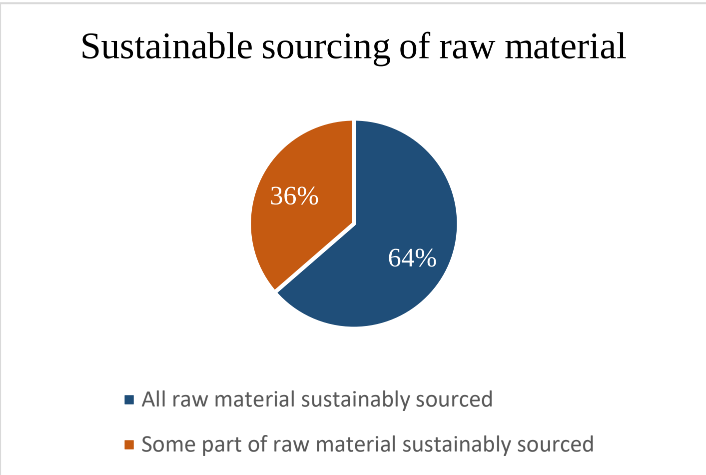
Organizations hold the opinion that industry and stakeholder cooperation will result in more sustainable development when societal and environmental requirements and issues are considered.



Many have used stakeholder perception analysis to determine the priorities of the stakeholders. Issues from stakeholders are given weight, and appropriate processes are in place to resolve such concerns. Companies have a stakeholder engagement policy in place to set down the parameters for effective stakeholder engagement.

Organizations must prioritise health and safety because any negative incidence could have a significant negative impact on the organisation. Emergency response teams used by organisations have emergency preparedness plans in place that include trainings on safety gear, first aid, simulated drills, etc.

Based on the requirements of the surrounding communities, organisations are prioritising their CSR priority areas. The two most frequently mentioned focus areas are education and health. Some organisations use SROI to gauge the social value they have produced with the aid of outside sources. To determine relevant standards and methods for CSR management, stakeholders are involved.

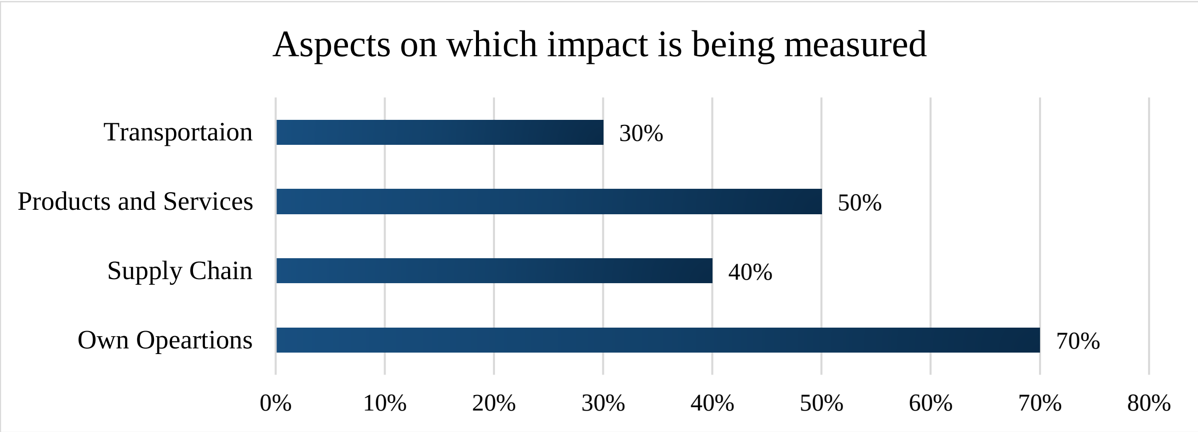


Supply chains are essential to an organization's pursuit of sustainability. Organizations engage in sustainable sourcing; some just source a portion of their raw materials sustainably, while a selective few do so for all their raw materials. Staff members in procurement are being trained on sustainability issues, and upper management is reviewing supply chain activities.

To lessen the effects on the environment, efforts are made to improve products. Many organisations perform life cycle assessments (LCAs) of their products and have benefited from doing so. Organizations with appropriate policies and procedures to protect customer data place a high priority on data security for their customers.

Setting environmental goals has a primary focus on reducing GHG emissions, water use, and energy use. To reach predetermined goals, product and service innovations are made. Enterprise risk management is centralised and incorporates environmental issues.

Organizational commitment to biodiversity is evident. To guarantee the execution of biodiversity management programmes, biodiversity champions are recruited. The results of impact assessments are used to create management plans and reduce risks. As an example of best practises, several organisations have pushed biodiversity management into supply chains. Companies also evaluate the impact of their activities, products, and services, supply chain, transportation, etc., on protected areas and areas of high biodiversity value outside protected areas.



Corporate Governance

Corporate governance acts as a tool that helps the organisation to effectively address its difficulties. It entails striking a balance between the interests of an organization's various stakeholders, including its shareholders, management, clients, suppliers, lenders, investors, regulators, and communities. It provides a comprehensive understanding of how a board of directors operates and establishes an organization's core principles. It is easier for organisations to progress toward sustainable development when sustainability is incorporated into their long-term corporate strategy.

All companies demonstrate that sustainability is embedded in their long-term vision, mission, strategies and policies. In recent years, companies have been more conscious of sustainability challenges and have identified sustainability issues in their operations and have chosen focus areas particular to them. A strong governance structure is necessary for the successful integration and administration of sustainability at a company, as well as for committed leadership, strategic impact, and clear direction. Sustainability governance helps a company implement sustainability strategy across the business, manage goal setting and reporting processes, strengthen relations with external shareholders, and ensure overall accountability. Few examples of top players are shown in Figure 1 below:

Hindustan Zinc Ltd.

- They have established a three-tier governance structure at the board level to analyse important sustainability performance.

Tata Steel Ltd.

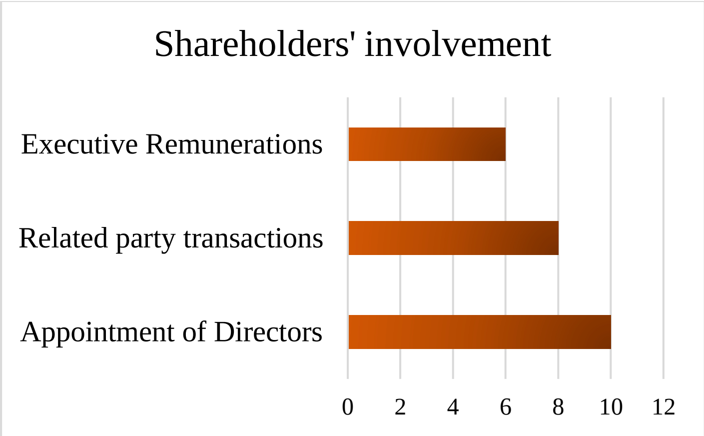
- They have gone beyond the mandate to establish SHE and Sustainability committee at Board-level with adequate representation of women on the board.

Hero Moto Corp

- Their sustainability governance structure has a cross functional representation with leadership oversight at the Board level.

Figure 1

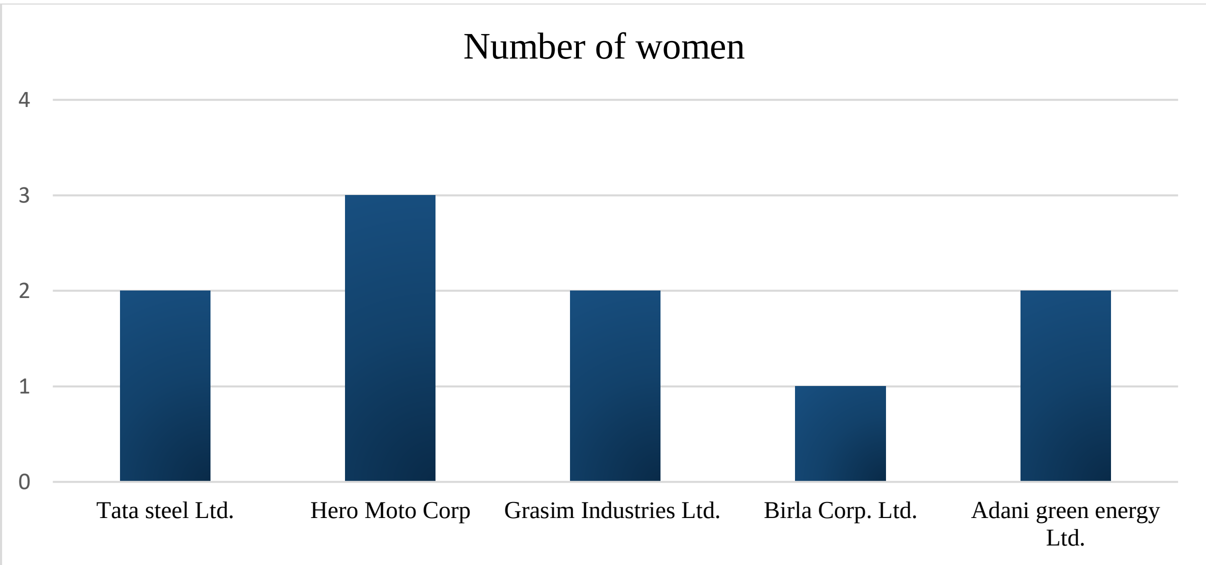
An effective corporate governance framework is demonstrated by a variety of factors, some of which include the representation of women on the Board, the involvement of shareholders, and the use of various Board Committees for a variety of purposes. The corporate governance structure specifies the distribution of rights and responsibilities among above mentioned participants in the corporation and spells out the rules and procedures for making decisions on corporate affairs.



graph 1

Due to their ownership of an organization's shares, shareholders are also part owners. They are crucial to the administration, management, and other facets of an organization's activities. As a result, companies ask shareholders for permission on a variety of matters. The graph shows number of companies who have sought shareholder inputs on several matters.

The relevance of gender diversity on the Board has been emphasised by companies as it helps them to achieve business goals, improve corporate governance, increase the quality and responsibility of decisions, assure sustainable development, and boost their reputation. As the benefits of gender diversity become ever more apparent, companies are working to close the gender parity gap within the organisation.



graph 2

It is mandatory, according to the section 149 of the Companies Act, 2013 that there must be at least one woman on the board. Most companies have women on their boards beyond this mandate. Companies like Hero Moto Corp have set goals for 2030 that include 30% women in their organisation. Graph 2 shows representation of women on the Board of the companies. Most companies, except for Birla Corp. Ltd. and Adani Green Energy Ltd. have board women linked to the promoter.

It is important to investigate the procedures companies use to evaluate their sustainability performance. For instance, the Sustainability Committee of Birla Corp Ltd. evaluates the company's performance in terms of sustainability based on a variety of Key Performance Indicators (KPIs) that are determined each month by the Chairman of the Board, the Managing Director, and other committee members. The committee oversees and evaluates sustainability-related issues, such as stakeholder concerns and disclosures, and then reports to the Board. The committee's capacity to forecast sustainability and annual plans based on its findings is one of its standout features.

It is effective corporate governance to make some aspects of a company's sustainability performance publicly available to foster confidence among shareholders and other important stakeholders. All the top player companies like Hero Moto Corp, Hindustan Zinc Ltd, NTPC units, and Grasim Industries Ltd. have public disclosure on the areas highlighted in the figure 2 in their annual report.

Figure 2

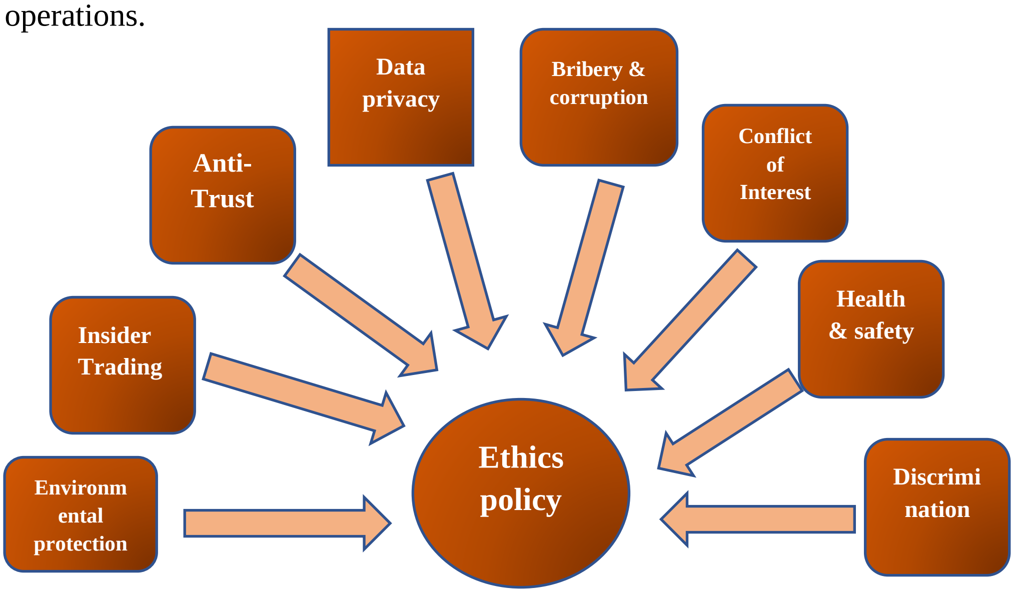
Implementing corporate environmental sustainability strategies is increasingly becoming standard practice with some companies going further and taking steps to reduce the environmental impact of their products, services, and supply chains. Adoption of corporate environmental sustainability measures can improve a company's reputation, competitiveness, and environmental performances. Companies should ensure that appropriate investments are made to fulfil its broader environmental and social goals.

Business Ethics

Business ethics is the study of proper company conduct when it comes to potentially contentious issues including corporate governance, insider trading, bribery, discrimination, corporate social responsibility, fiduciary duties, and much more. Business ethics ensure that a certain basic level of trust exists between consumers and various forms of market participants with businesses.

A well-written code of conduct makes an organization's mission, values, and guiding principles clear by connecting them to ethical standards. In defining desired behaviour, the code expresses the values the organisation hopes to inculcate in its executives and workers. Written codes of conduct or ethics can therefore serve as benchmarks against which an individual's or an organization's performance can be evaluated. Additionally, it serves as a manual and resource for staff members to assist in daily decision-making. So, the key to creating an ethical workplace is to communicate the policy, teach staff members on it, use a variety of techniques to help them understand it, and motivate them to follow it.

A company's ethical policies serve as guidance for all personnel, encouraging them to act morally and with high standards at all times. Areas included in business ethics in any organisation shall be a combination of environmental, social and governance factors to make it more comprehensive and to drive better business results. The top players like Hero Moto Corp, Tata Steel, Adani green energy, HZL, and Grasim Industries Ltd. have covered these areas in their ethics policy in order to capture all possible violations within the business operations.



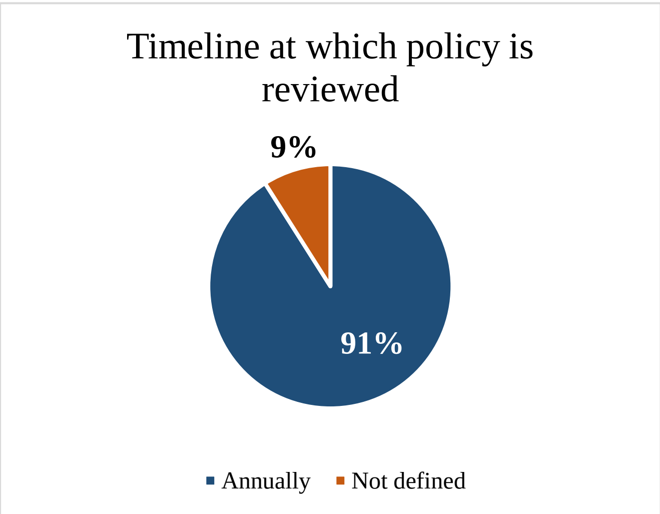
There are several reasons business ethics are essential for success in modern business. Most importantly, defined ethics programs establish a code of conduct that drives employee behaviour—from executives to middle management to the newest and youngest employees.

Fostering an environment of ethical behaviour and decision-making takes time and effort—it always starts at the top. Most of the companies are having a code of conduct/ethics, guiding principles, reporting procedures, and training programs to enforce ethical behaviour. For a better understanding of the ethical guidelines and since they are knowledgeable about corporate ethics, it is a good idea to have these trainings led by an external ethics expert.

Only 18% of the companies have external trainers who provide business ethics training, and every company is a unit of NTPC Ltd., exhibiting a commitment to corporate ethics principles.

Graph 3

The code and ethics and compliance program must be reviewed under the organisation at least annually by the senior management or compliance officer to determine if it needs to be updated due to business, legal, or regulatory changes. Comprehensive compliance program review should consider various internal and external factors that may impact the organization's compliance obligations.



Regular review and updating of the code of ethics and compliance program helps to ensure that the organization remains in compliance with relevant laws and regulations and promotes a culture of ethics and integrity. Graph 4 demonstrates companies like Tata Steel Ltd., Genpact India, JSW Cement, and Hero Moto Corp. who frequently examine their codes of conduct and compliance programmes.

Graph 4

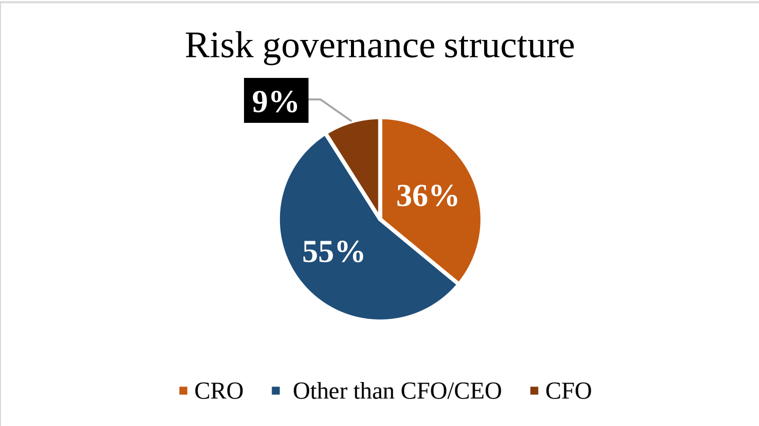
Business ethics concerns employees, customers, society, the environment, shareholders, and stakeholders. Therefore, every company has developed ethical models and practices that guide employees in their actions and ensure they prioritize the interests and welfare of those the company serves. Doing so not only increases their revenues and profits, but also creates a positive work environment and builds trust with consumers and business partners.

Additionally, companies that prioritize ethics and social responsibility also have better risk management systems in place, which can help them to avoid potential legal and regulatory issues, as well as negative publicity. Overall, developing ethical models and practices is not only the right thing to do, but it is also good for business.

Risk Management

Risk management is the process of identifying, assessing, and controlling or mitigating potential risks that could affect an organization or individual's objectives. It involves understanding the risks that may arise from a particular situation, assessing the likelihood and potential impact of each risk, and then developing strategies to minimize or avoid those risks.

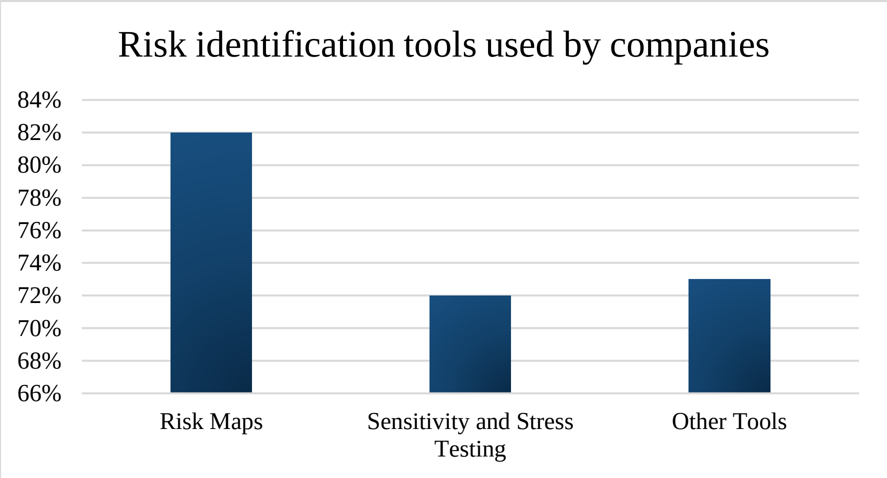
Companies usually create a specific risk management function, which may be supervised by a board-level committee, such as a Risk Management Committee to manage risks effectively. This committee's responsibility is to supervise and direct the risk management function and to make sure that risk management policies and practices are in line with the strategic goals and core values of the company. Some of the companies have designated Chief Risk Officer for overseeing the organization's risk management activities, developing risk management strategies, and ensuring that the organization is in compliance with relevant laws and regulations.



According to the graph, 36% of the top players, including Tata Steel, HZL, and the NTPC group, have a chief risk officer (CRO) in place. A board-level committee other than the CFO is present in 55% of the companies, although at Grasim Industries Ltd. risk management is overseen by CFO itself.

Graph 5

Risk identification and assessment are essential steps in any risk management process. There are several tools that can be used to identify and assess risks. The most used tools by companies are risk maps, sensitivity, and stress testing, as these are generally seen as effective and practical approaches to risk identification and assessment. However, some of the organizations have adopted other tools as relevant to their specific operations and risk profiles. Ultimately, the choice of tools will depend on the organization's risk management objectives, risk appetite, and available resources.



According to the graph, out of all the companies 82% of them are using Risk Maps, 72% use Sensitivity and Stress Testing and 73% of the companies are using other tools for their risk identification.

Graph 6

Figure 3 lists additional tools used by major players to recognise and evaluate risks.

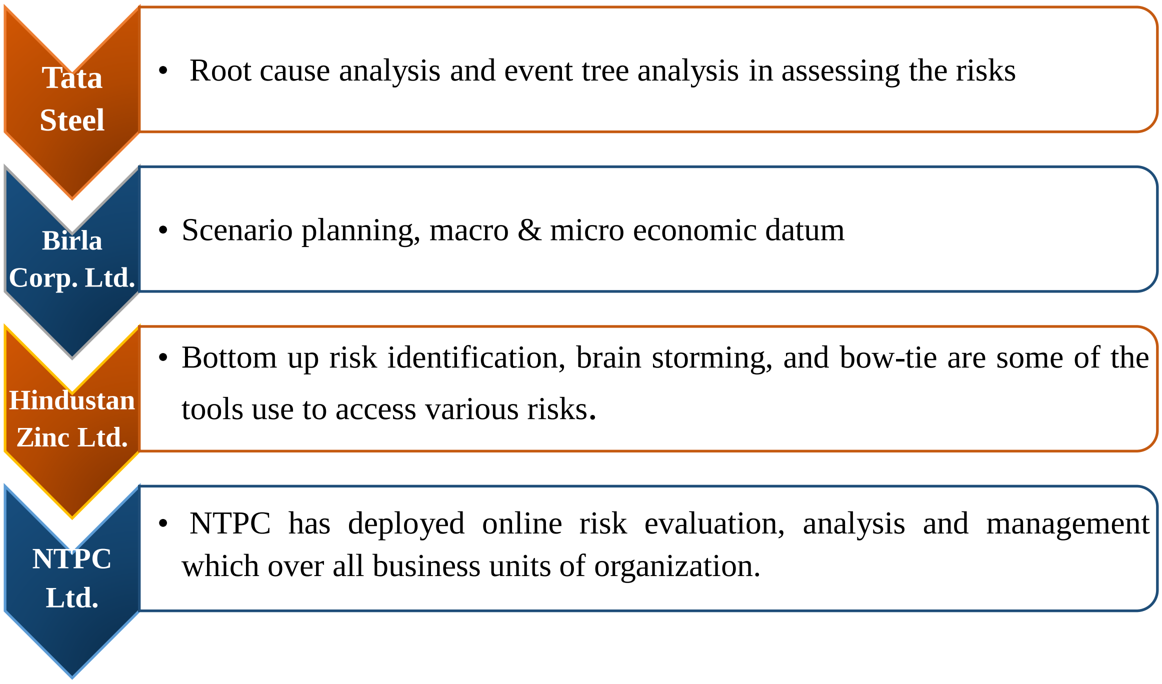
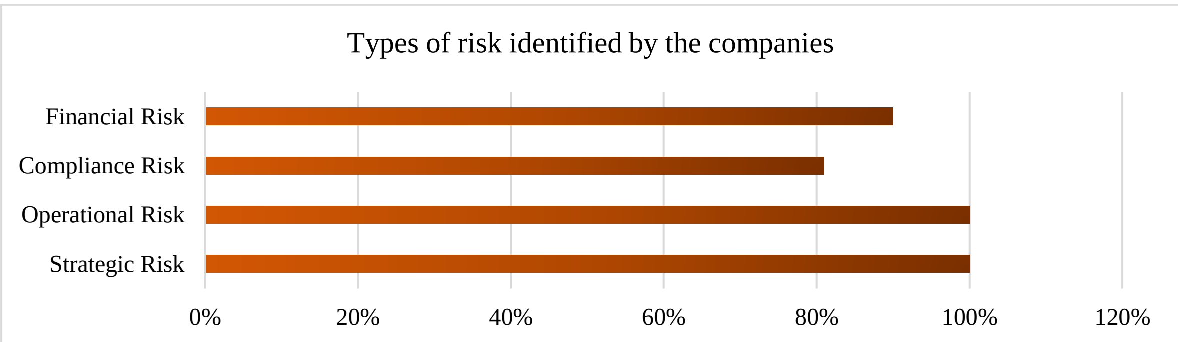


Figure 3

These are certain specific risks that the companies have identified using the above-mentioned tools.



Companies must have appropriate risk management techniques in the form of policies and procedures. These policies and procedures can give direction on how to identify, evaluate, and mitigate risks as well as assist in developing a shared understanding of the importance of risk management within the company. Effective risk management rules and procedures can improve the overall efficacy of the risk management system. This ensures that everyone in the company is on the same page and that risk management tasks are carried out in a consistent and thorough manner.

Some of the top players like Hero Moto Corp, Hindustan Zinc Ltd, Genpact India Pvt Ltd, and Tata Steel have developed proper strategies for promoting a risk culture throughout the organisation as highlighted in the figure below.

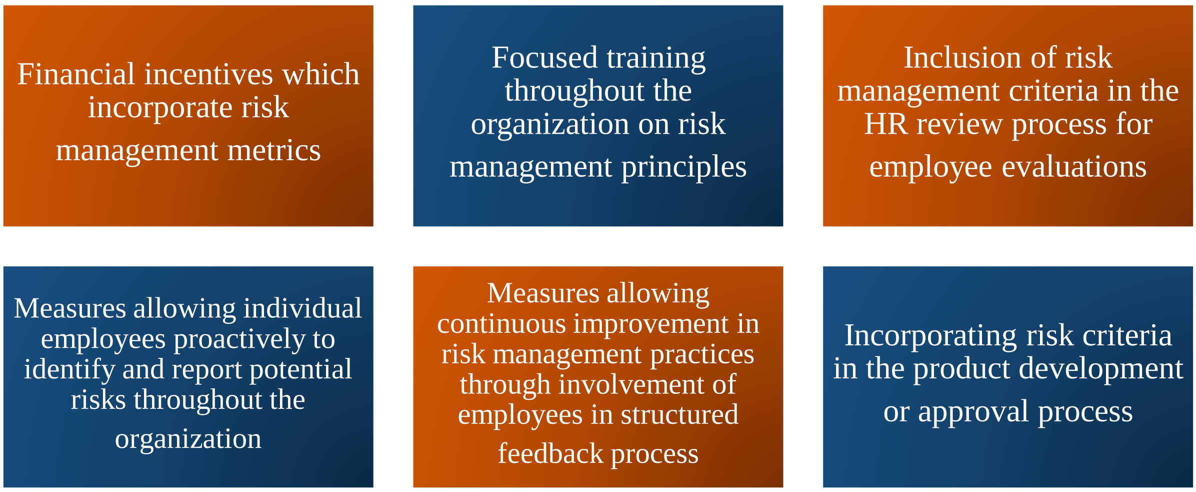


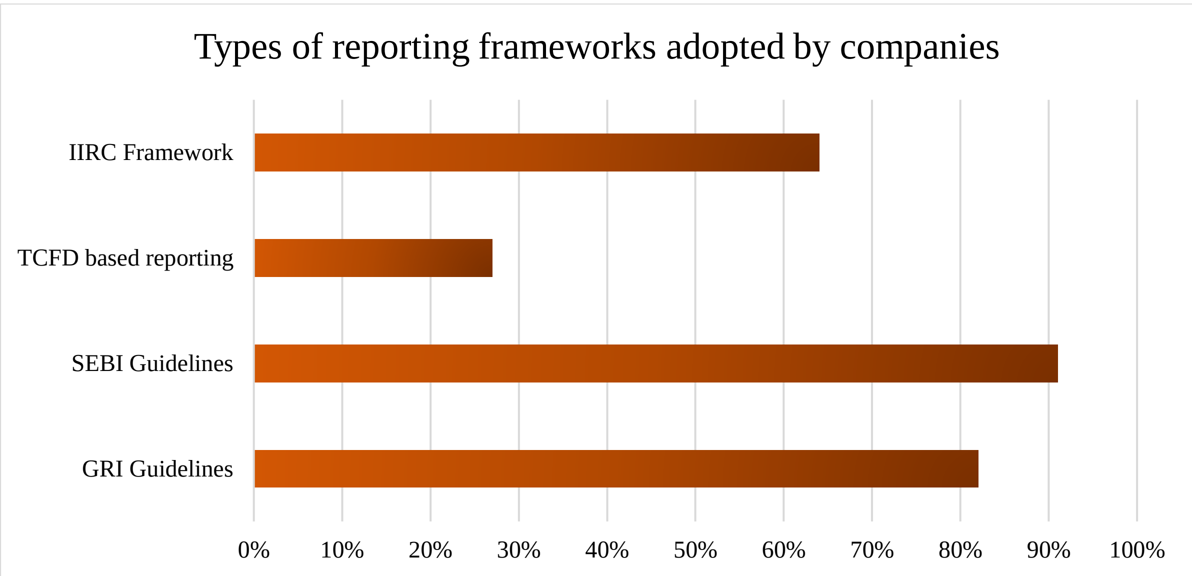
Figure 4

Transparency and Disclosure

Transparency and disclosure are important tools for promoting trust, accountability, and good governance. When used effectively, they can help to build better relationships between organizations and their stakeholders, promote ethical behavior, and lead to better decision-making. Transparency and disclosure can also promote ethical behaviour within organizations.

Reporting on sustainability aspects has become increasingly important for companies in recent years. Sustainability reporting can help companies to set goals and track progress over time. By regularly measuring and reporting on sustainability metrics, companies can identify trends, assess the effectiveness of their sustainability strategies, and adjust their approach as needed. Sustainability reporting helps companies to identify areas where they can reduce their environmental impact and increase their social and economic contributions. This can lead to cost savings, improved brand reputation, and increased stakeholder trust.

Companies have done sustainability reporting in many forms ranging from annual sustainability reports to integrated reports that combine financial and sustainability performance in accordance with recognised standards. These reports include a range of metrics, such as their carbon emissions, water usage, waste reduction, employee diversity and inclusion, and community engagement.



Graph 7

91% of companies get their sustainability reports assured externally using standards like AA1000 and ISAE 3000. Their publicly available assurance statement includes standards used, declaration of independence, scope of the assurance and conclusion of the assurance process.

Materiality analysis is an important aspect of sustainability reporting as it helps companies identify and prioritize the sustainability issues that are most relevant to their business and stakeholders. Materiality analysis involves identifying and assessing the significance of economic, environmental, and social impacts associated with companies' operations, products, and services. By using a materiality analysis, each company has determined the key material issues.

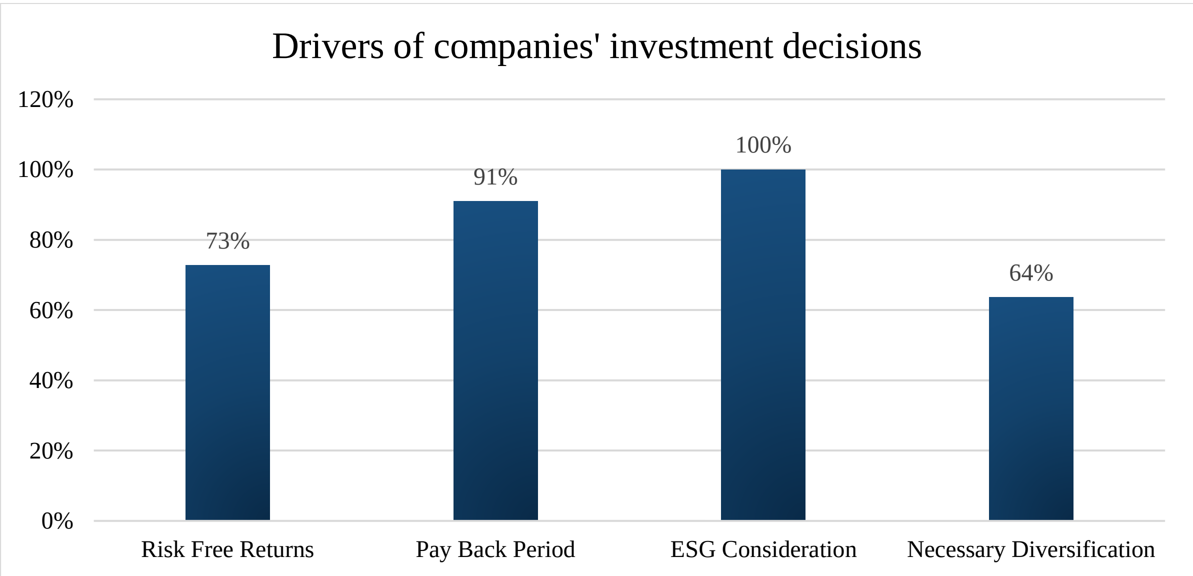
Key material issues refer to those issues that are most significant to a company's operations, stakeholders, and sustainability. By identifying and disclosing these key material issues, companies can demonstrate their commitment to transparency and accountability to stakeholders, including investors, customers, employees, and the wider community. Identifying key material issues and taking action to address them is an important aspect of responsible business practices and can contribute to the long-term success and sustainability of companies. Figure 5 shows key issues identified by top players.

Figure 5

Financial performance

The term "financial performance" refers to the indicator of a company's financial well-being. It can be evaluated using various financial metrics, such as revenue, profit, cash flow, return on investment (ROI), return on assets (ROA), return on equity (ROE), debt-to-equity ratio, and others. A company's overall wellness and success depend on its financial performance since it influences the decisions made by creditors, employees, investors, and other stakeholders. Strong financial performance increases a company's ability to draw investors and generate revenues for development and growth.

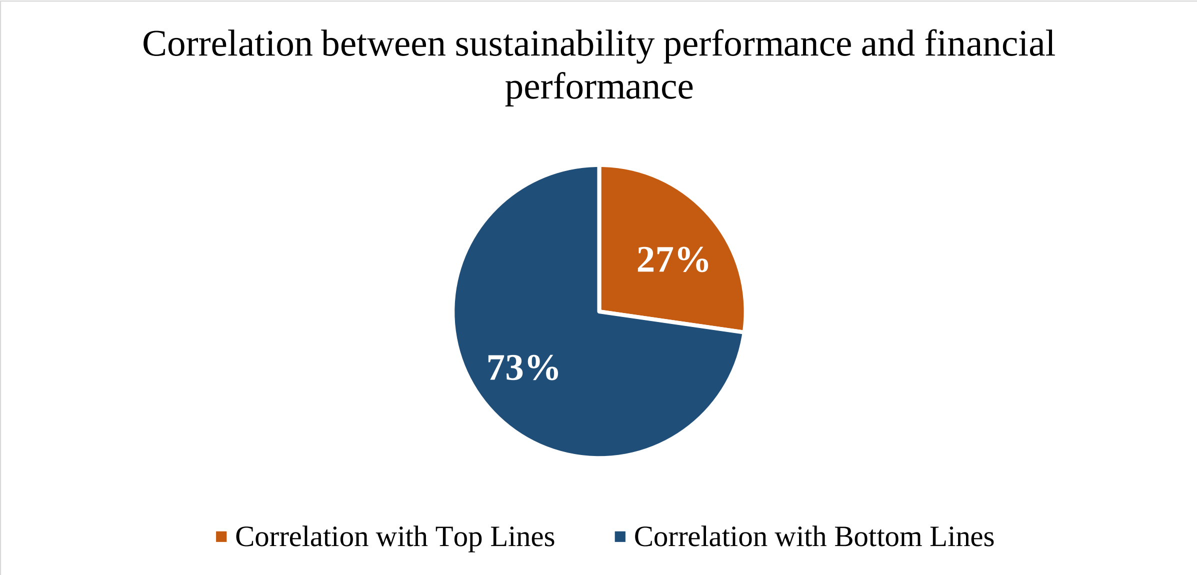
Making investment decisions is an important responsibility for companies since these decisions can have a big impact on their future growth and profitability. Companies should take a comprehensive approach when making investment decisions, and consider range of factors like payback period, risk free returns, ESG considerations, and necessary diversifications. Graph 8 shows that ESG consideration is the prime driver for companies while making investment decisions followed by the payback period, risk free returns and necessary diversifications.



Graph 8

The correlation between sustainability performance and financial performance refers to the relationship between a company's sustainable practices and its financial success. The correlation between sustainability performance and financial performance is important because it suggests that companies can achieve both sustainable outcomes and financial success simultaneously. By prioritizing sustainability, companies can improve their long-term viability while also creating value for their stakeholders.

Most companies have a relationship between sustainability performance and financial performance, with top lines that represent revenue or bottom lines that indicate net income or profit. The top players like NTPC Sipat, Adani Green Energy Ltd, Tata Steel, and JSW Cement have identified their correlations with bottom lines which is considered as good practice for the financial performance as the bottom lines exclude operating expenses, depreciation, interest, and taxes.



Graph 9

Financial performance is an important component of sustainable business frameworks as it directly impacts the long-term viability of the companies. Companies have established specific financial objectives and developed a long-term financial strategy that considers potential risks and opportunities. Companies also monitor their financial success using sustainability matrices like carbon emissions, water usage, and waste reduction. Companies can improve their financial performance by including stakeholders like consumers, employees, investors, and local communities. This may result in more sales, better employee retention, and entry into new markets.

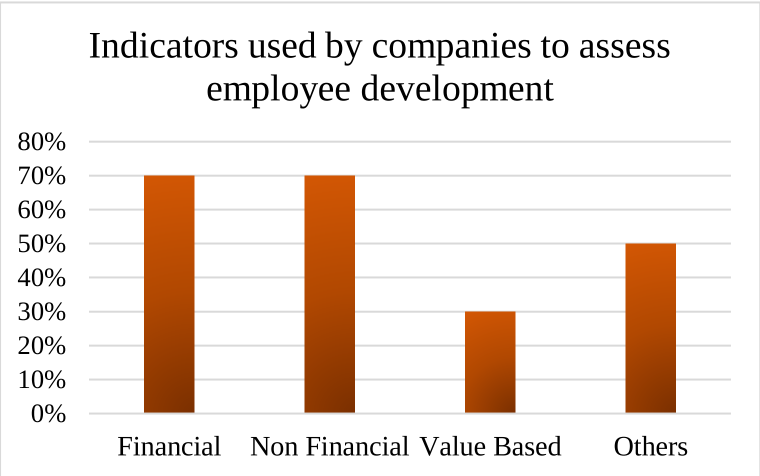
Employee Development

Employee development includes initiatives taken by the company 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 company.

Employees are a company's primary asset; thus, it is important for them to be updated about the newest advancements in the sector in order to prosper in the face of fierce competition. The employee development programme benefits the company by increasing employee morale, contentment, and retention as well as productivity and efficiency. Every company offers a variety of training programmes, including Life-skills training, Leadership Development Training, and On-the-Job Training.

A key element in fostering a positive organisational culture is training and development. When companies place a high priority on their needs for personal development and creativity, employees feel appreciated. As a result, companies place a big emphasis on employee development and training. Different positions, responsibilities, and management levels have different training and development objectives. Top companies like Tata Steel, NTPC, and Hero Moto Corp. promote their employees' training and development by providing internal training programmes, financial help for outside training or study, and sabbatical periods with a guaranteed return to work.

Companies can get a comprehensive picture of their performance and highlight areas that need improvement by tracking development using a range of indicators. Companies can create plans to promote growth, enhance employee development, and accomplish their overarching goals by frequently monitoring the indicators mentioned in the graph 10 below.



Financial indicators include training cost per employee.

Non-financial indicators include average training hours.

Value based indicators include measurement of employee development return on investment and correlate with employee retention and employee motivation.

Graph 10

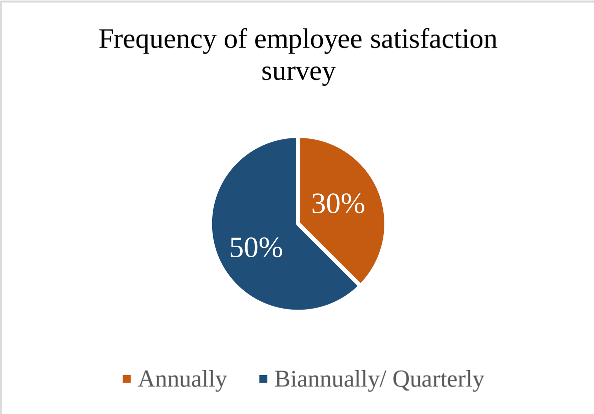
The provision of training in many areas does not imply the development and improvement of employee abilities. The effectiveness of training programs can be evaluated based on the improvements in the employee's performance, productivity, and quality of work. It is essential to assess the success of the training program through objective measures. All the top players like NTPC Sipat, Hero Moto Corp, NTPC Talcher, and Biocon Ltd. track benefits of the training programmes through various indicators like increase in revenue, customer satisfaction levels etc. mentioned below in the table 1.

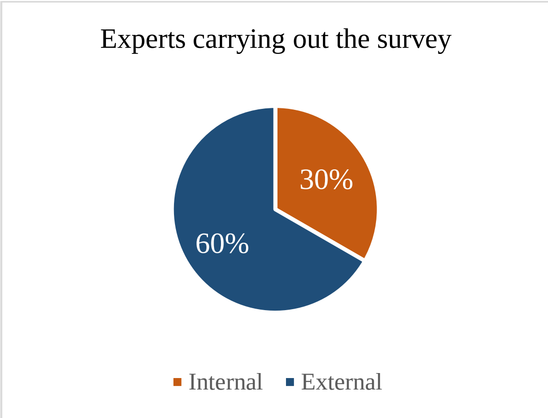
Indicators used by top players to assess benefits of employee training				
Indicators	**NTPC Sipat**	**Hero Moto Corp.**	**NTPC Talcher**	**Biocon Ltd.**
Increase in % of vacant positions filled internally	✓	✓		✓
Reduction in employee turnover	✓	✓	✓	
Increase in EDROI	✓	✓	✓	
Increase in customer satisfaction	✓	✓	✓	
Increase in revenue	✓			✓
Others	✓		✓	

Table 1

Companies can better understand employee needs and concerns by conducting employee satisfaction surveys, which helps them to make data-driven decisions that can enhance employee satisfaction, retention, and business performance. Depending on the needs of the company, like how quickly the company is evolving and how frequently employee opinions need to be gathered to guide decision-making, employee satisfaction surveys may be conducted annually, biannually, or even quarterly. The survey can be carried out impartially and professionally by an external group or an internal group like the HR department.

The graphs 11 and 12 below illustrate companies that have conducted employee satisfaction surveys either annually or biannually with the assistance of internal as well as external groups of experts.





Graph 11

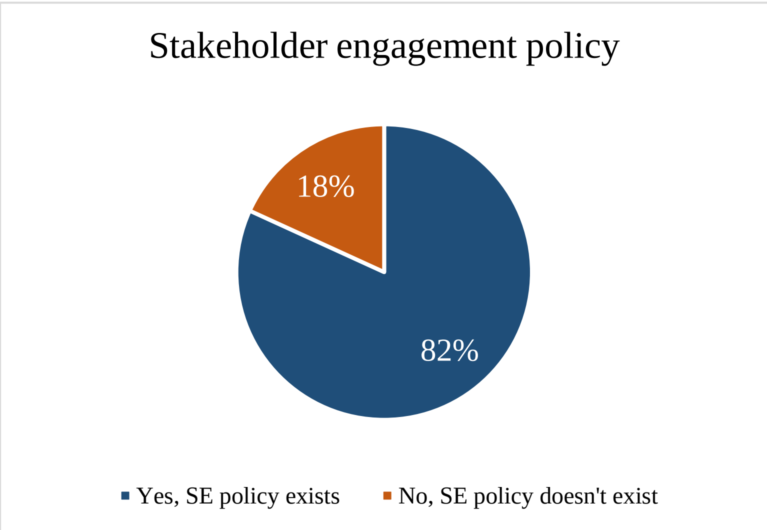
Graph 12

In addition to the factors mentioned, the top players also provide employees regular feedback to assist them recognise their strengths and areas for development. Also, they recognise and reward employees who progress in their professional growth by granting them promotions, pay raises, or other benefits that are regarded as best practises for employee development.

Stakeholder Engagement

A stakeholder is any individual, group, or organisation that has the authority to influence or is impacted by the operations, choices, rules, or goals of a company or project. Stakeholder engagement aims to establish relationships, encourage trust, and assure that stakeholders have a voice in any decision-making that may have an impact on them. Effective stakeholder involvement can lead to better outcomes for everyone involved as well as improved communication and more transparency.

Stakeholder engagement is essential for the survival and long-term success of the company. By identifying and prioritising stakeholders, understanding their impact on the business, and interacting with them to satisfy their needs and expectations, a company can develop strong connections, boost its reputation, and achieve its goals.

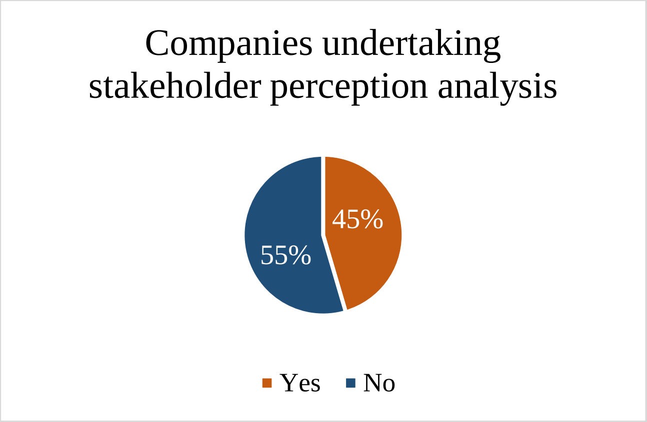


Graph 13

Stakeholder engagement becomes essential for companies as it helps in risk management and early conflict resolution. It also grants companies a long-term "social license to operate." Companies should have a stakeholder engagement policy in place to set down the parameters for effective stakeholder engagement.

Graph 13 shows, 82% of the companies have a stakeholder engagement policy in place.

Another significant aspect is stakeholder perception analysis, which enables firms to understand how multiple stakeholders view their activities, choices, and performance. Companies can find gaps between their intended results and the actual impact of their actions by analyzing stakeholder perceptions. In order to better meet the expectations and demands of stakeholders, companies can use this information to change their plans, policies, and communications.



According to the graph 14, 45% of companies namely Hero Moto Corp, HZL, NTPC Sipat and Tata Steel have been using stakeholder perception analysis to systematically identify their priorities based on their stakeholders. Companies do perception analysis annually, and after understanding the results, appropriate measures are taken for relevant stakeholders.

Graph 14

Effective communication is essential for sharing good and bad experiences with stakeholders. This can increase stakeholder engagement and satisfaction and can lead to increased support and loyalty. By taking a strategic and thoughtful approach to communication, companies can build trust and strengthen relationships with their stakeholders, even in challenging situations. There are some modes of communication that companies rely on with regards to sharing good and bad experiences within and among all stakeholders. Figure 6 shows the various modes chosen by companies to undertake such communications.

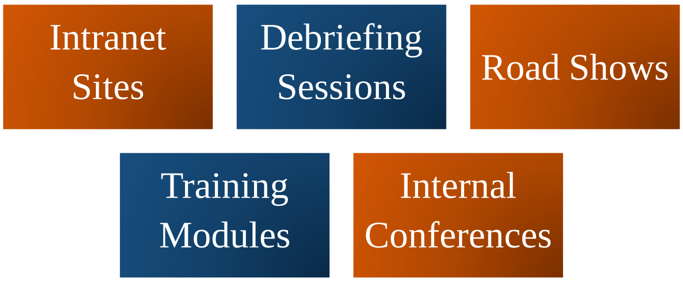


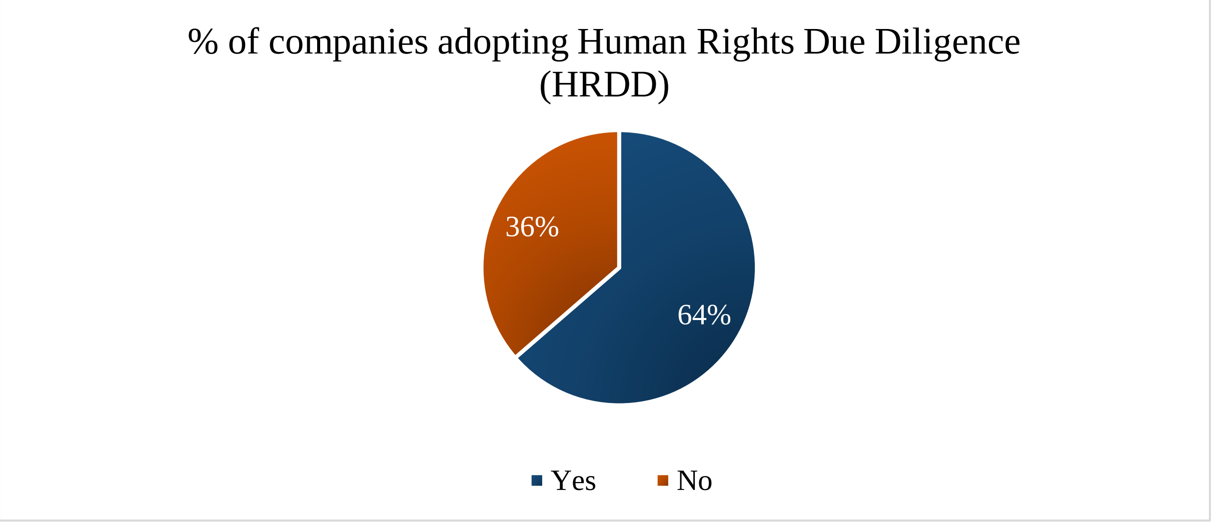
Figure 6

Human Rights

Human rights are a set of inalienable rights and freedoms that are granted to all individuals, regardless of their nationality, ethnicity, gender, religion, or any other characteristic. These rights are universal, meaning they apply to everyone, everywhere, always. Human rights govern how individual human beings live in society and with each other, as well as their relationship with the State and the obligations that the State has towards them.

Companies that aspire to promote and defend human rights throughout its operations and supply chains must start by developing a human rights policy. A human rights policy establishes the company's approach to upholding human rights and offers its employees, stakeholders, and partners a standard framework and terminology. Human rights policies are necessary for companies to demonstrate their commitment to human rights, comply with laws and regulations, manage risks, and develop a constructive work culture.

A number of companies, including Hero Moto Corp, NTPC Sipat, NTPC Talcher, Tata Steel, Adani Greens, JSW Cement, and Genpact India, have a human rights policy in place that is available to the public. Each company has their separate policy for different sections of human rights like child labour, sexual harassment, equal opportunity, right to freedom of association, right to collective bargaining, elimination of excessive working hours and right to minimum wages. Another important procedure that companies are using to identify, avoid, mitigate, and account for how their operations affect human rights is Human Rights Due Diligence (HRDD). By conducting HRDD, companies make sure they uphold human rights.



Graph 15

Graph 15 above shows 64% of the companies are conducting Human Rights Due Diligence at various levels in their operations. This improves the company's effectiveness, ensures adherence to legal standards, and reduces any potential risks to human rights linked with its operations.

The organisations should focus on equal opportunity and avoid all forms of discrimination based on caste, gender, disability, etc. Women in the workforce contribute to gender diversity and position companies as brands that offer equal opportunity to everyone. To bring in adequate diversity, companies also focus on integrating the differently abled in their workforce. This also deepens the companies' commitment of equal opportunity to all. Top players demonstrating employee diversity are highlighted in figure 7.

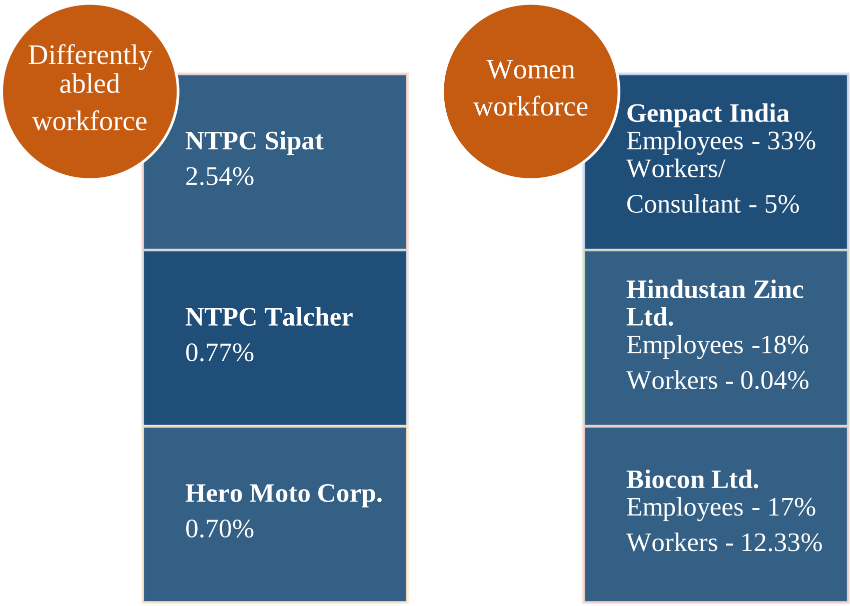
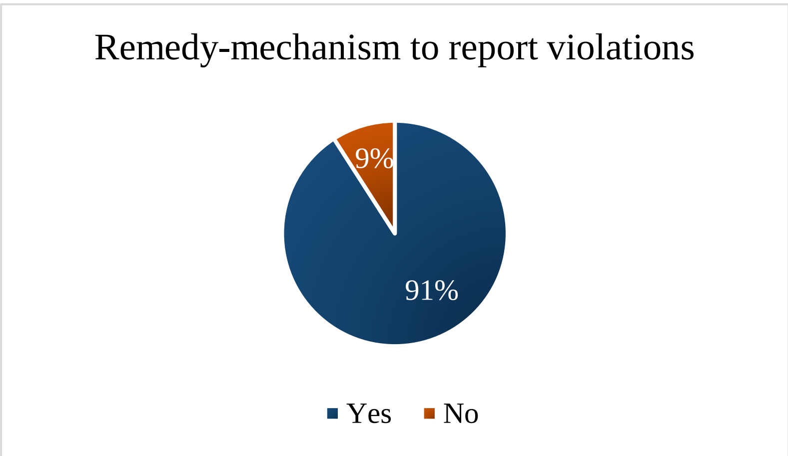


Figure 7

In order to address human rights violations in their supply chains or business operations, companies also have a remedy mechanism in place. The provided remedy is acceptable to both the affected and the affecting party, and such a mechanism is applied for both internal and external stakeholders.



Graph 16

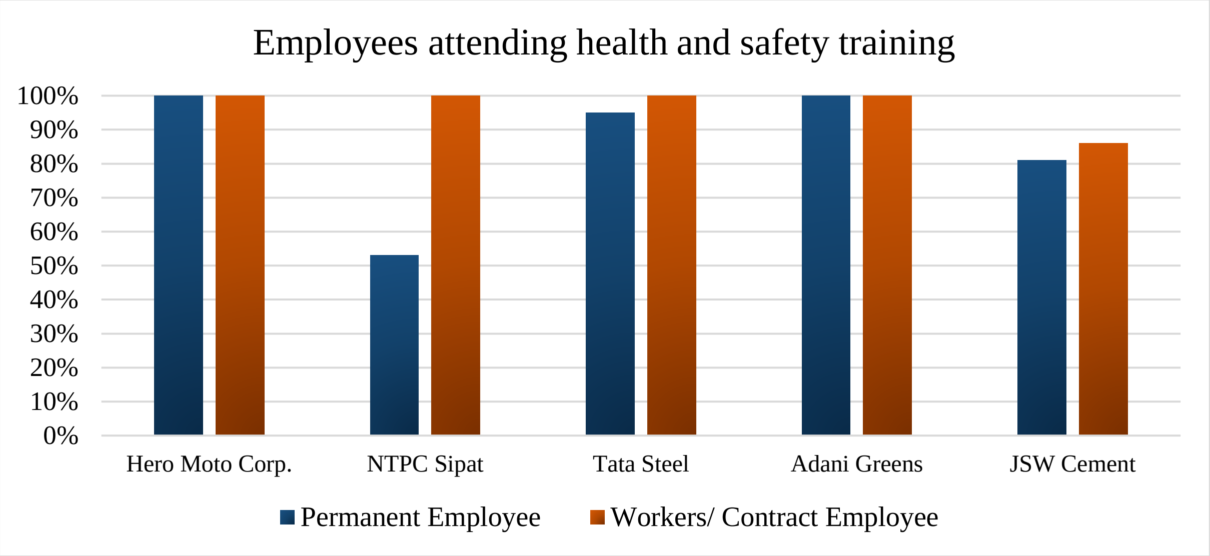
To manage their human rights performance better, companies are also doing a remedial mechanism efficacy assessment and a trend analysis. Graph 16 shows that 91% of the companies have an effective remedy mechanism in place to address human rights violations.

Health and Safety

Occupational health and safety refer to the policies, procedures, and activities aimed at protecting the health, safety, and welfare of employee in the workplace. The main objective of health and safety is to prevent workplace injuries, illnesses, and fatalities by identifying and managing workplace hazards and risks. Promoting occupational health and safety at work is essential for safeguarding workers' wellbeing, enhancing productivity and profitability, and upholding moral and legal obligations.

A company must have a system in place for managing occupational health and safety because it enables the identification of the major hazards to health and safety that are pertinent to the company and the development of remedies. Every company must demonstrate its commitment to occupational health and safety. This entails fostering a culture of safety that puts the health and well-being of employees first and taking action to identify and eliminate any risks and hazards at work.

All the top players are committed to international standard for occupational health and safety ISO 45001:2018. This provides a framework for companies to improve employee security, lower risk at work, and improve working conditions. Some of them not only follow this standard but also have explicit policies of their own that have been approved by the board to improve the working environment for their employees in terms of health and safety. Training employees on these standards is another aspect of effective health and safety practices in addition to adherence to OHS standards.



Graph 17

The coverage of employees for health and safety trainings across all companies is shown in graph 17. Most companies have given most of their workers and employees health and safety training.

Establishing emergency preparedness strategies is essential for responding to health and safety threats quickly and successfully. Such plans ensure that everyone involved is aware of what to do and how to accomplish it by outlining the necessary actions and procedures to be taken in the case of an emergency. Individuals and companies can reduce the risk of injury and increase the likelihood of a good outcome in the case of an emergency by putting these plans in place, reviewing them frequently, and upgrading them. Every company has emergency response plans in place that include the topics shown in figure 8.

Figure 8

The companies also assume accountability for monitoring the efficacy of their health and safety management systems and applying what they learn to enhance their operations. It is essential to assess the performance of health and safety management systems to safeguard employees, adhere to rules, save money, and encourage continuous improvement. Effectiveness can be assessed through periodic review, internal or external audits, stakeholder involvement, etc. As shown in figure 9, NTPC Sipat and Biocon Ltd. has a clearly defined procedure in place to assess the efficiency of its health and safety management system.

Figure 9

Corporate Social Responsibility

CSR is a business model where organisations take efforts to operate in a way that enhance rather than degrade society. It 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.

Corporate Social Responsibility (CSR) programmes must be governed by a formal policy. A company must ensure that its CSR initiatives are in line with its overall business strategy and have a significant influence on society and the environment by having a clear policy in place and outlining its priority areas. Each of the companies has a formal policy in place and focuses on a different area, such as education, health, women's empowerment, potable water, etc.

The emphasis areas for Grasim Industries, Adani Greens and Hero Moto Corp. were carefully selected by a board-level committee from those listed in Schedule VII of the CSR Act.

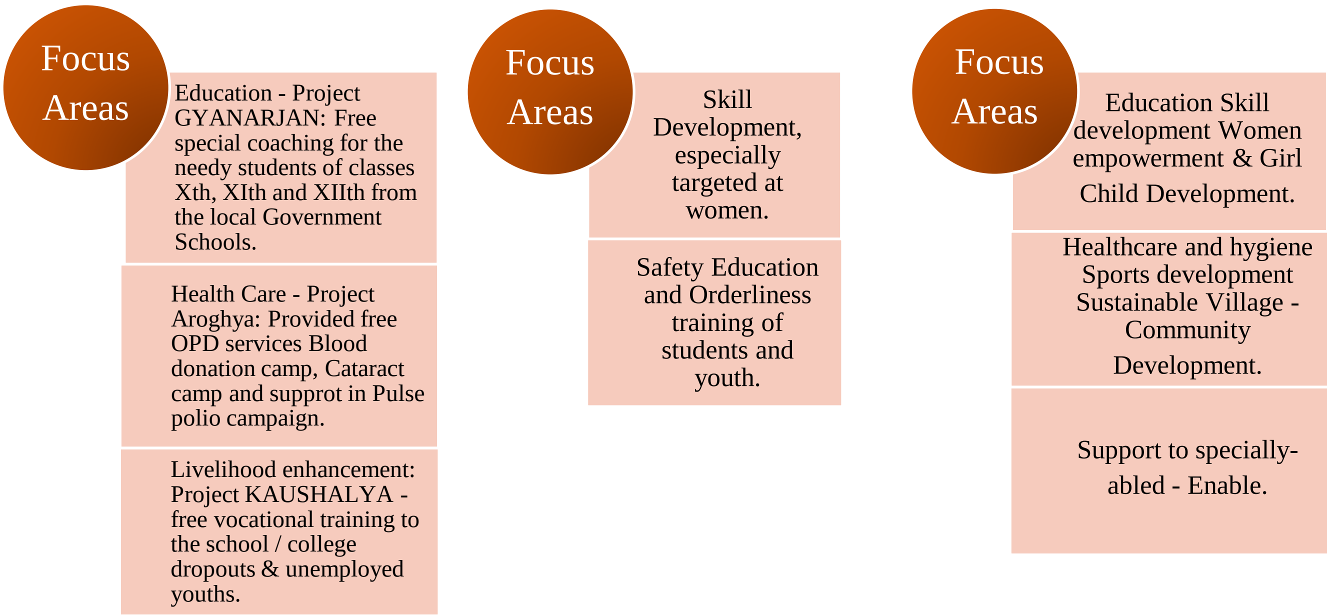
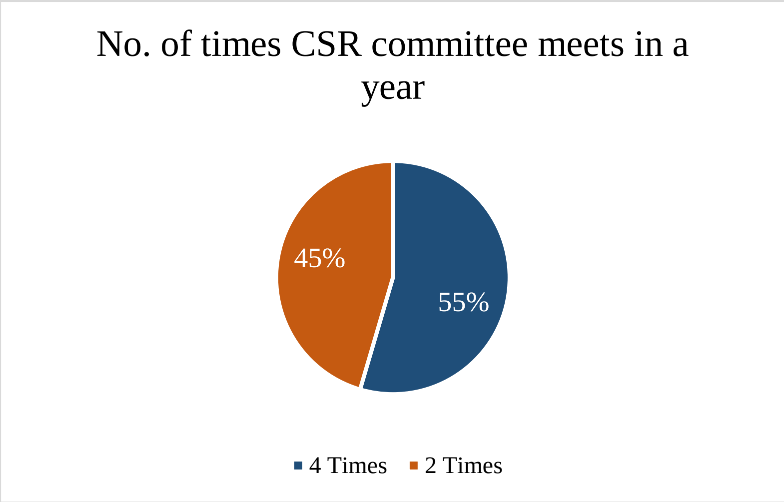


Figure 10

Companies have a CSR committee that oversees creating the CSR policy and, subsequently, the initiatives they carry out. In addition, it suggests funding CSR projects among other tasks and responsibilities. The committee's frequency of meetings throughout the year serves as a key indicator of its effectiveness.



According to graph 18, 55% of the companies hold CSR Committee meetings four or more times annually. The purpose of these meetings is to develop and recommend a CSR policy that specifies the actions to be taken and the amount of money to be spent on them in accordance with Schedule VII of the 2013 Companies Act.

Graph 18

The conceptualization of CSR projects is another important step in making sure they are well-defined, in line with the companies' strategy and values, and have an impact on stakeholders that can be measured. Conceptualization lays the foundation for the entire project and sets the stage for its success or failure. Conceptualizing aids in defining the project scope, better planning, improved decision-making, and expectation setting.

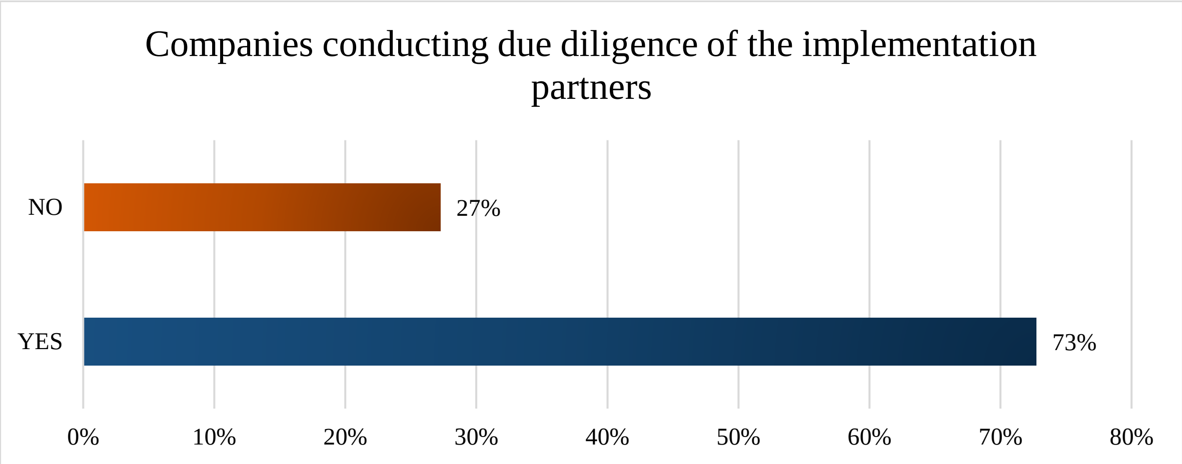
The top players like NTPC Sipat, NTPC Talcher, Adani Greens, Hero Moto Corp etc. conceptualise their CSR projects through the process described in the figure below:

Process to Conceptualise Projects

- Needs of target beneficiaries are assessed
- Project goals and key outputs and impacts are estimated
- Theory of change is determined
- Budgets are detailed out
- Milestones for monitoring progress are defined
- Risk factors and mitigation options are identified & documented

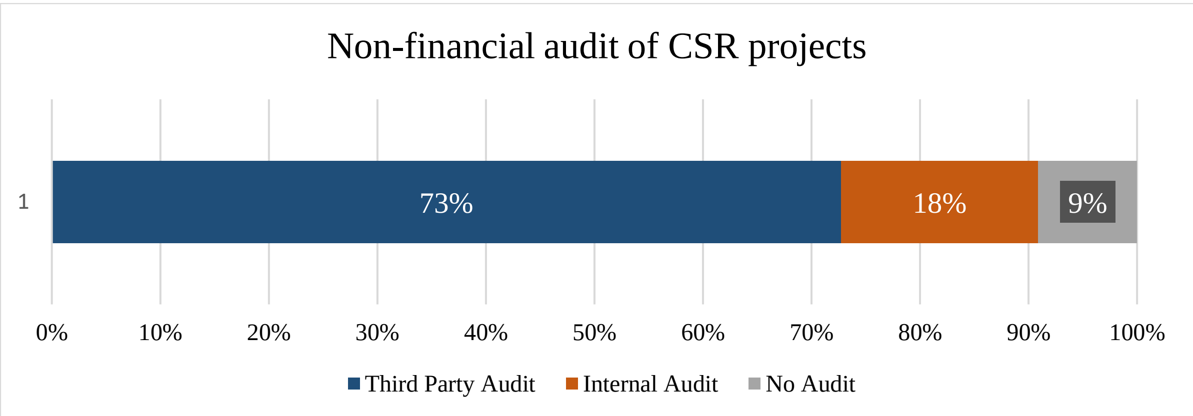
Figure 11

Due diligence of implementation partners for CSR project is another important procedure that companies undertake to ensure that the partners they engage with are reliable, competent, and capable of delivering the desired outcomes. The due diligence procedure entails a comprehensive review of the partner's business practises, financial situation, technical capabilities, and other relevant factors that could have a significant impact on the project's success. Also, it helps companies reduce the risks of working with a third party and guarantees the success of the project. Graph 19 shows 73% of the companies including Hero Moto Corp, JSW Cement, Genpact India, HZL and Tata Steel conduct due diligence of the implementation partners for their projects.



Graph 19

Organisations can also improve its social and environmental responsibilities while demonstrating its commitment to stakeholders by performing a non-financial audit of its CSR projects. The execution of these audits by a third party is an important step in establishing a company's dedication to CSR and confirming that its initiatives are having a positive impact on society and the environment. The advantages of a third-party audit include better stakeholder trust and confidence, more transparency and accountability, and the identification of areas for improvement for the projects. The graph below shows that 73% of the companies, including Hero Moto Corp, Grasim Industries, Biocon Ltd, JSW Cement, and HZL, have a third party for performing a non-financial audit of their CSR projects.



Graph 20

Supply Chain

Supply chain sustainability refers to the practice of creating a supply chain that is environmentally and socially responsible. It involves ensuring that the products or services produced by a company are created in a manner that does not harm the environment. Since consumers and other stakeholders put greater importance on ethical and responsible business practises, it is important for companies to address sustainability in their supply chain strategies.

Companies have recognised the importance of sustainable sourcing as a key element in their efforts to improve their environmental and social performance. By prioritising sustainable sourcing, companies can lower their carbon footprint, minimise waste, and conserve natural resources. In addition to being beneficial to the environment and society, prioritising sustainable sourcing can also benefit companies by promoting long-term sustainability and improving their bottom line.

Companies can ensure that they are doing their part to promote ethical and sustainable practises throughout their supply chain by putting in place a policy or code of conduct for suppliers for supply chain sustainability. This not only help in building their reputation and brand image but also result in long-term profitability by lowering risks and enhancing operational effectiveness.

All the top companies including Hero Moto Corp, HZL, Tata Steel, Biocon Ltd, Grasim Industries etc. have codes of conduct and policies in place for their suppliers. Companies have created elaborate codes of conduct that govern their interactions with suppliers, vendors, and other parties while maintaining a uniform approach. Aspects that companies have implemented into their supply chain code of conduct policies are shown in Figure 12.

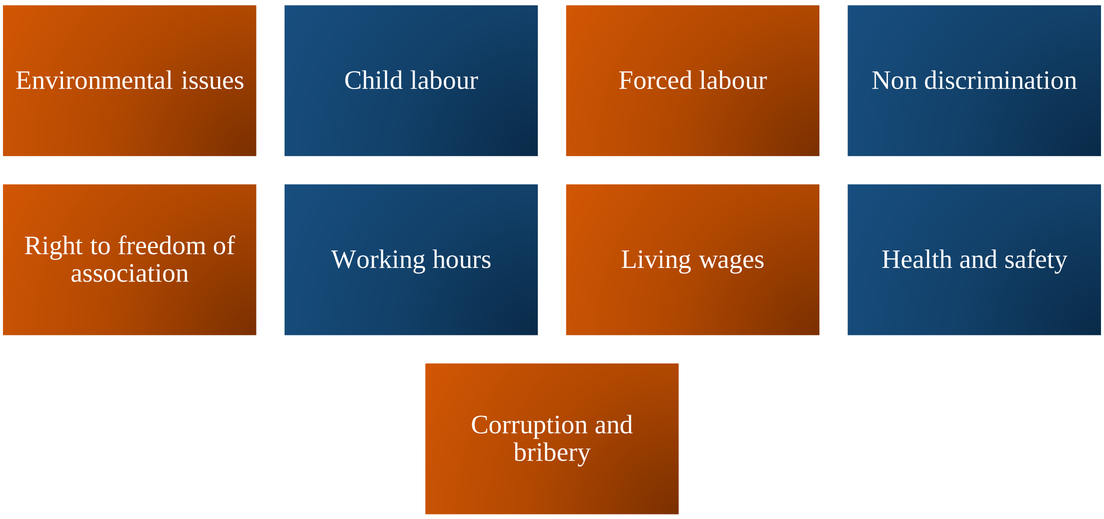
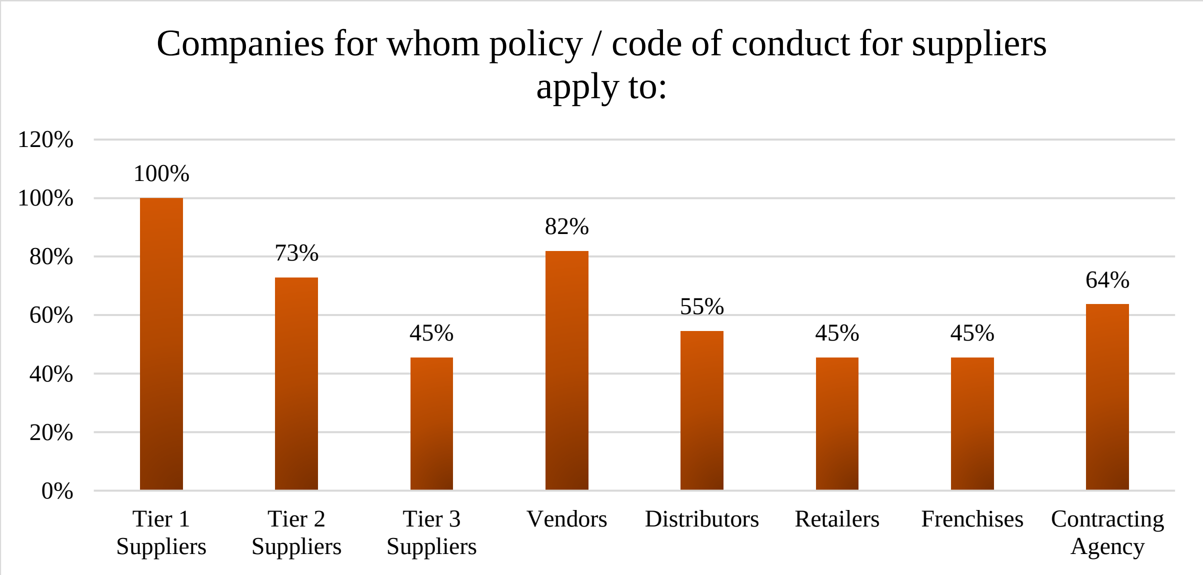
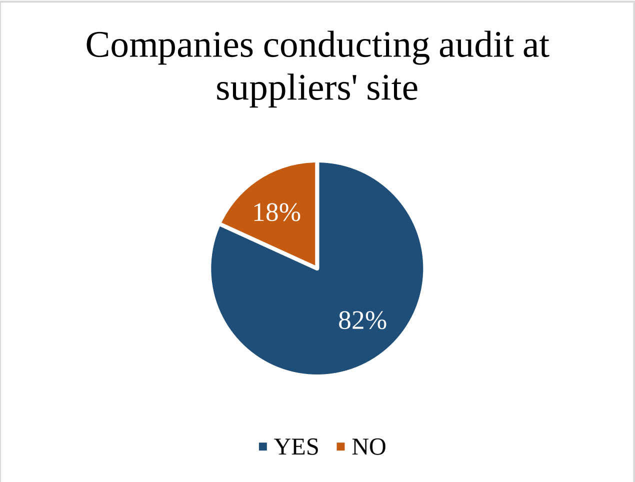


Figure 12

Graph 21 shows most companies have their Tier-1 suppliers and vendors adhere to the suppliers' code-of conduct.



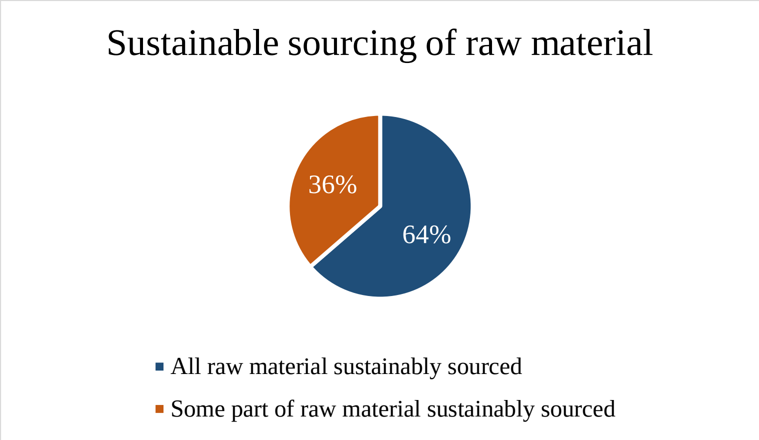
Graph 21



Companies that wish to guarantee the integrity, quality, and resilience of their supply chain should conduct audits at the sites of their suppliers. In addition to lowering costs and ensuring quality and compliance, it also offers chances for supplier development. The audit is carried out to look at matters including environmental and social issues. Graph shows that 82% of the companies conducts audit at the site of the suppliers.

Graph 22

Companies can opt to acquire all their raw materials sustainably, which is the ideal option, or just a portion of them.



Graph 23

The top players like Hero Moto Corp, Adani Greens, HZL and Genpact India source all their raw material sustainably. According to Graph 23, about 64% of the companies chose to obtain all their raw materials sustainably, while some of them only did so for a portion of their raw materials.

The due diligence procedure is yet another important step that helps companies in choosing suppliers that are dependable, high-quality, and capable of satisfying their specific requirements while also mitigate risk like supply chain disruptions or legal difficulties. When choosing new suppliers, almost all companies conduct due diligence on the factors listed in figure 13 below.

Figure 13

Product Responsibility

Product Responsibility for the manufacturing sector encompasses the notion that a producer of any product shall consider the life-cycle environmental impacts of its products or services, including the effects associated with ultimate disposal. Responsible services for service sector encompass the notion that a service provider shall commit to sustainable practices and customer data security in their service portfolio. Organisations are expected to exercise due care in the design of their products/services to ensure they are fit for their intended use and do not pose unintended hazards to the health and safety of consumers or any hazard to the environment during use-phase or end-of-life disposal.

Product responsibility is an important concept that pushes companies towards ethical and sustainable production practices and ensures that they are held accountable for the safety and quality of their products. Product responsibility involves designing, manufacturing, and distributing goods that are dependable, trustworthy, as well meets the necessary quality standards. Consumers are also becoming more and more interested in sustainable and environmentally responsible goods. Companies can meet these demands and gain customers' trust by demonstrating a commitment to sustainable products. Building a solid reputation and enhancing the brand image can both be accomplished by demonstrating a commitment to sustainable products. The top performers including Grasim Industries, Hero Moto Corp, Birla Corp Ltd, and JSW Cement are committed to sustainable products and their 100% products are certified with the necessary standards.

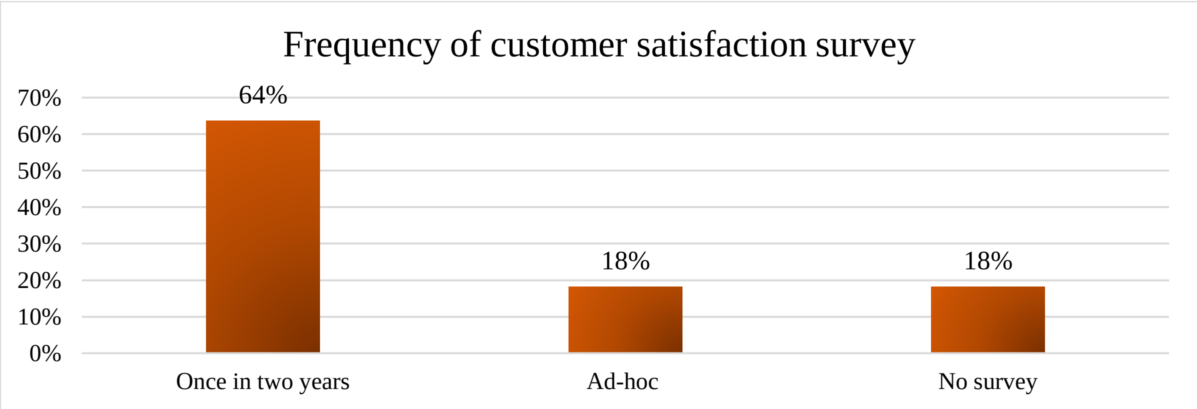
In evaluating a product or service's environmental impacts over the course of its full life cycle, from the extraction of raw materials to disposal or recycling, one approach is life cycle assessment (LCA). Conducting an LCA is an important step in demonstrating product responsibility and can help companies to improve the sustainability of their products and services. For example, they may be able to reduce the amount of energy or resources used during production or find ways to reduce waste generated during use or disposal. All companies perform life cycle assessments (LCAs) for their goods and services in accordance with ISO14040:2006 and ISO14044:2006 for most of their products.

The scope of a life cycle assessment (LCA) refers to how deeply it examines both the upstream and downstream phases of a good or service. It enables decision-makers to identify opportunities to lessen environmental impacts throughout a product's or service's whole life cycle, including the phases of supply chain, manufacture, usage, and disposal. If a company conducts LCA over the entire lifespan of a product, encompassing the upstream as well as the downstream activities, as done by top players illustrated in table 2, they are taking product responsibility in the most thorough way possible.

	NTPC Sipat	Grasim Industries	JSW Cement
Own operations	✓	✓	✓
Upstream of product/service	✓	✓	✓
Downstream of product/service	✓	✓	

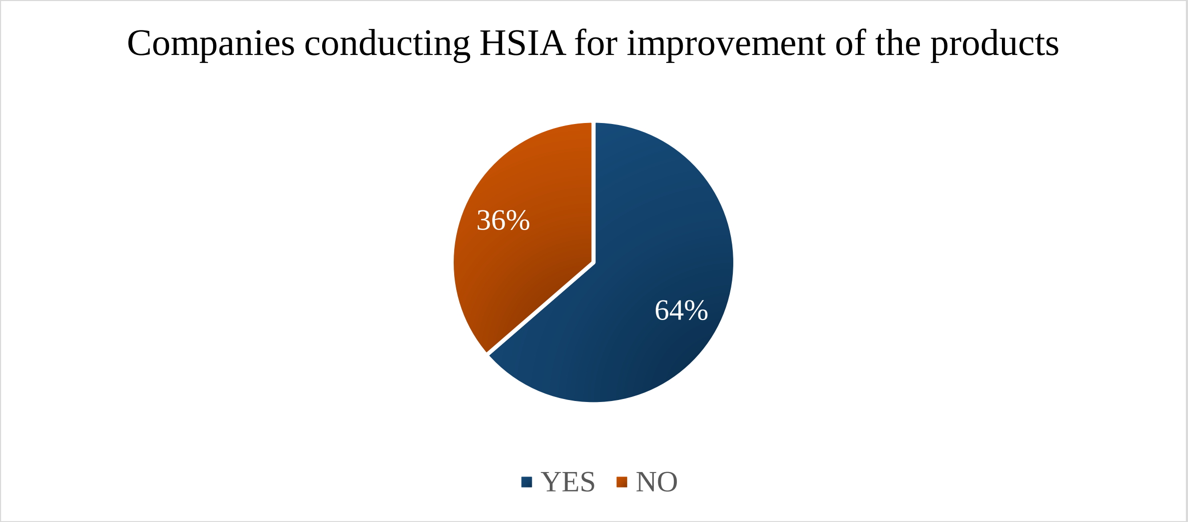
Table 2

Companies also conduct customer satisfaction surveys to understand the perceptions of the customers towards their product or service. The frequency of such surveys is important to receive the best feedback. As seen in the graph 24, 64% of the companies conduct these surveys every two years, which is considered to be the best practice.



Graph 24

A health and safety impact assessment (HSIA) must be carried out in order to enhance products or services as it identifies potential risks and hazards that might appear during usage or consumption. Companies can assess the possibility and impact of any potential risks to the health and safety of consumers, employees, and the environment by conducting HSIA. The graph 25 shows that 64% of companies assess each of their products for health and safety improvement.



Graph 25

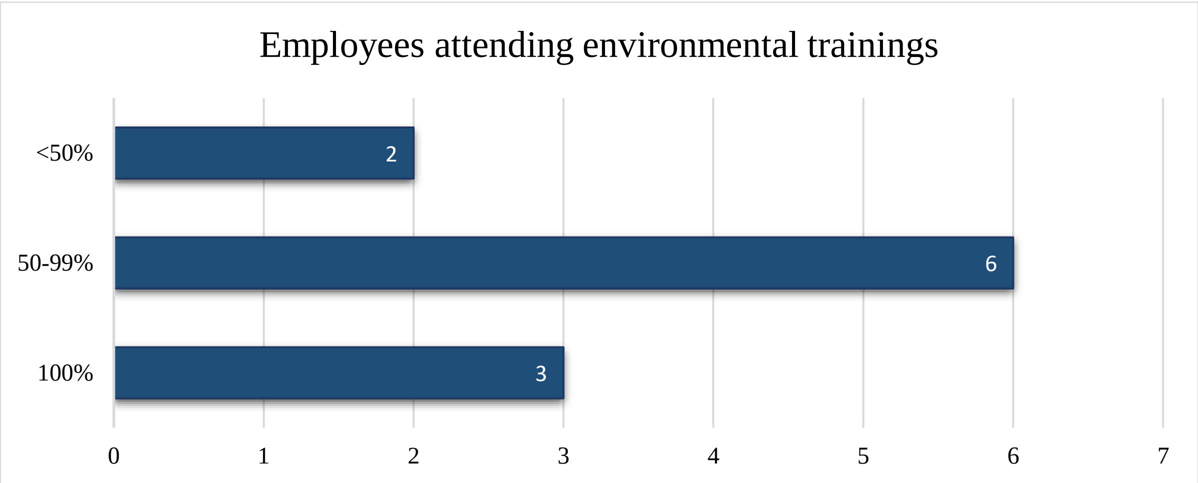
Genpact India has the process of conducting client/customer data due diligence. Client/customer data due diligence is important for safeguarding customer privacy, reducing cybersecurity risks, gaining consumer trust, complying to legislation, and enhancing business decision-making. They also provide trainings to their employees for conducting the same.

Environment Management

Organisations through their business operations have an impact on living and non-living natural systems, including ecosystems, land, air, and water. Environment management is thus being aware of how operations affect the environment. Regardless of the size and type of business, impact to the environment shall be managed to keep at a minimum.

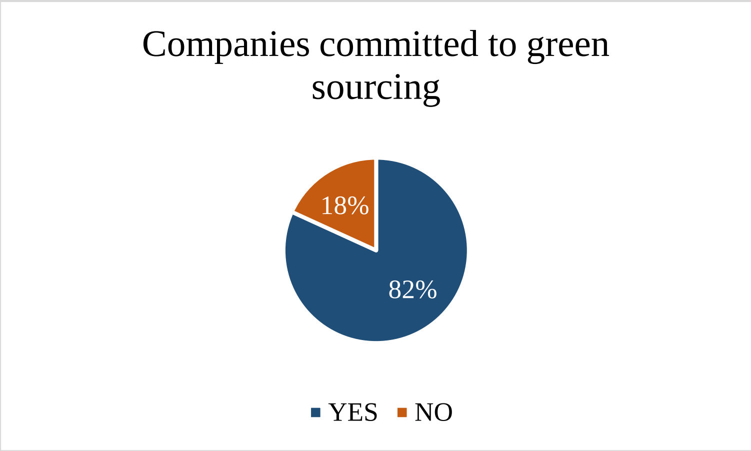
An effective method for managing a company's environmental impacts and lowering its carbon footprint is the implementation of an environmental management system (EMS). An EMS provides a structured method for identifying, evaluating, and managing environmental risks related to a company's operations and goods. All the top player companies including Adani Greens, Biocon Ltd, Genpact India, Hero Moto Corp, and Tata steel have environmental management system in place certified with the ISO 14001 standard. They also have a policy on environmental management outlining the approach to climate change, energy use, water consumption, waste management, resource efficiency, and species conservation.

Companies also train their employees on environmental aspects. Such trainings include basic awareness for all employees and understanding of environmental sustainability principles for improving environment performance and ensuring compliance. Graph 26 shows that 3 companies i.e., Hero Moto Corp, HZL and Genpact India have trained 100% of their employees in the past financial year.



Graph 26

Companies are also committed to green sourcing/ biodegradable products. It helps companies in minimizing the impact of their activities on the environment, while also conserving natural resources, cutting down on waste and pollution, and fostering a more sustainable future.



Most of the leading players, including Hero Moto Corp, Grasim Industries, NTPC Sipat, NTPC Talcher and JSW Cement etc. as shown by graph 27, have a commitment to environmentally sustainable sourcing and biodegradable products.

Graph 27

Companies also accept feedback from the stakeholders or consumers on the environmental impact of their operations or products. The top players like JSW Cement, Hindustan Zinc Ltd and NTPC Sipat have resolved almost all the complaints on the environmental impacts received in past financial year.

For a company to accomplish its environmental goals, complying with regulations, and promoting long-term sustainability, it is essential to regularly review its environmental performances by the top management. NTPC Ltd. Sipat follows a 3-tier structure for environment performance monitoring as highlighted in figure 14.

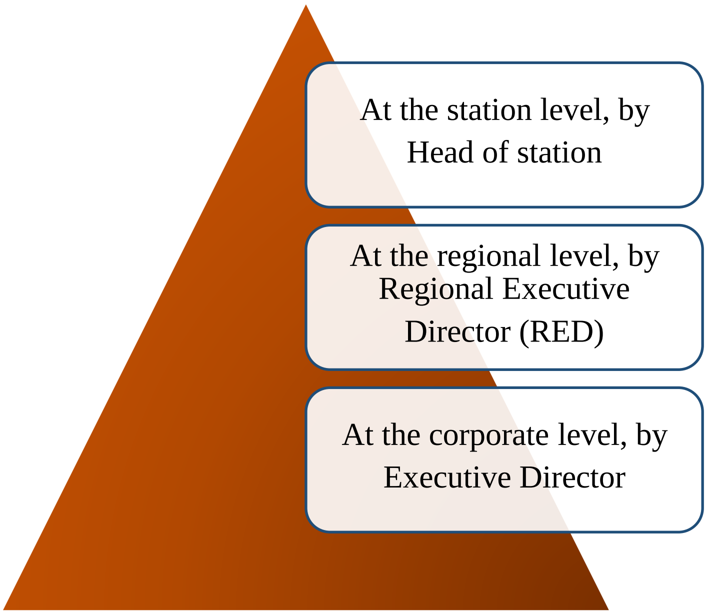


Figure 14

Companies are required to take initiatives or improvements in their products and processes in order to achieve the set targets. These initiatives shall be relevant to the companies' business and should have resulted in environmental benefits which can be both qualitative and quantitative in nature. JSW Cement Ltd. has implemented these initiatives for the benefits and impact on environment quantified in terms of cost saving, or revenue generating as highlighted below.

Reduce emissions

- They have implemented various energy efficiency measures and optimization measures like installation of MVVFD, LED lighting, Optimization of compressed air, false air arresting, VFDs, modifications, open access scheduling, power factor improvement, reduction in pressure drop, loop optimization etc

Reduce water use

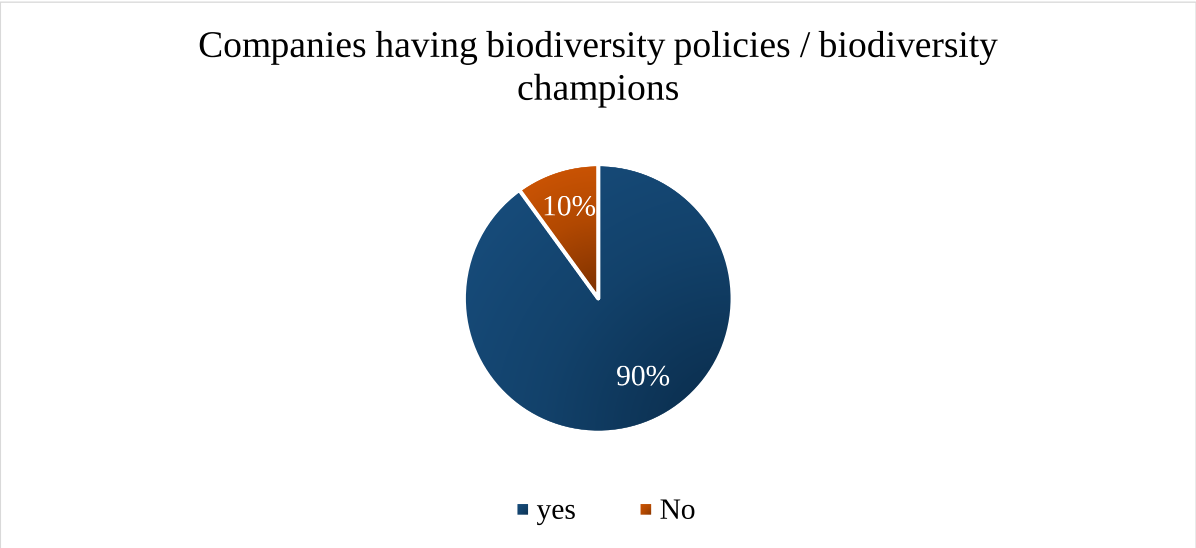
Figure 15

Biodiversity

Biodiversity is the biological variety and variability of life on Earth. Biodiversity is a measure of variation at the genetic, species, and ecosystem level. It forms the web of life of which we are an integral part and upon which we so fully dependent. Businesses depend on biodiversity for genes, species, and ecosystem services as critical inputs into their production processes. Threats to biodiversity include habitat loss, unsustainable use of ecosystems and over-exploitation of biodiversity. Climate change and pollution add up to the factors affecting biodiversity.

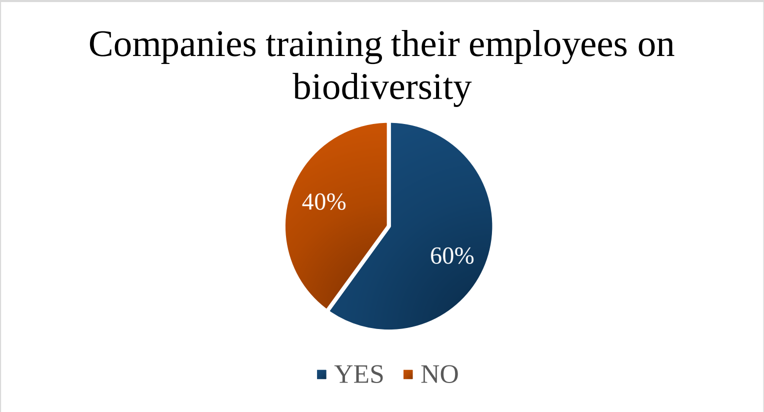
Companies must develop and implement policies and guidelines for biodiversity protection if they want to show their commitment to sustainability and encourage ethical business practices. Companies have a responsibility to reduce their harmful effects on biodiversity since they have a large negative impact on the ecosystem. They can fulfil this obligation by creating rules and guidelines for the conservation of biodiversity. A company can prioritise biodiversity conservation efforts and incorporate biodiversity issues into decision-making at all levels by having a biodiversity champion. This may result in more ethical and sustainable business practises that are advantageous to the company and the environment.

According to the graph 28 most of the companies have biodiversity policy as well as a designated biodiversity champion in place.



Graph 28

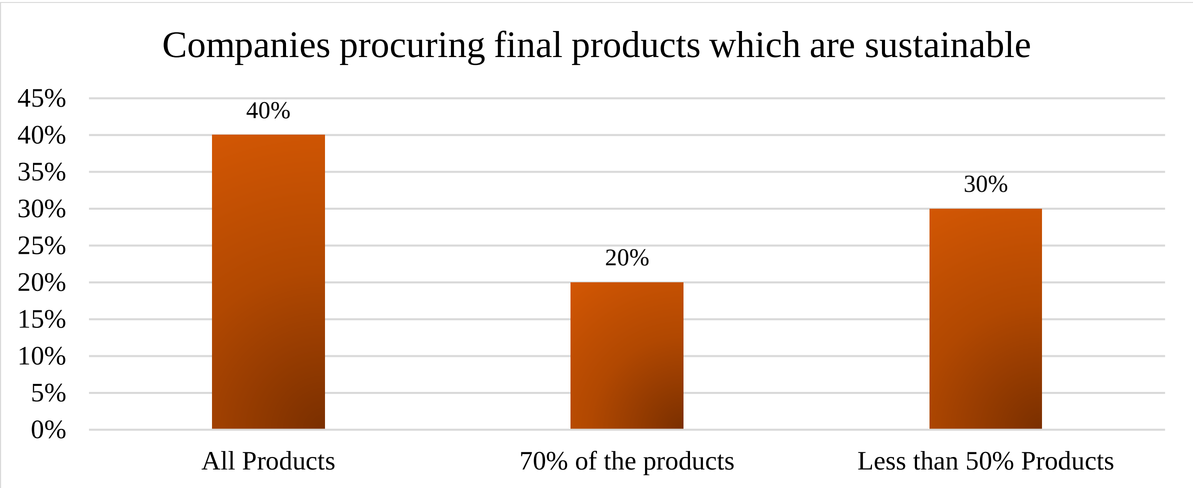
Companies also train their employees on biodiversity and ecosystem services which help them to become environmentally responsible, innovative, and resilient. Companies can enhance employee understanding of the value of protecting these resources and how to implement sustainable practises into their daily operations by training employees on these topics.



According to the graph 29, 60% of the companies including Birla Corp. Ltd, Hero Moto Corp, NTPC Sipat, NTPC Talcher, HZL, and JSW Cement train their employees on biodiversity and ecosystems services.

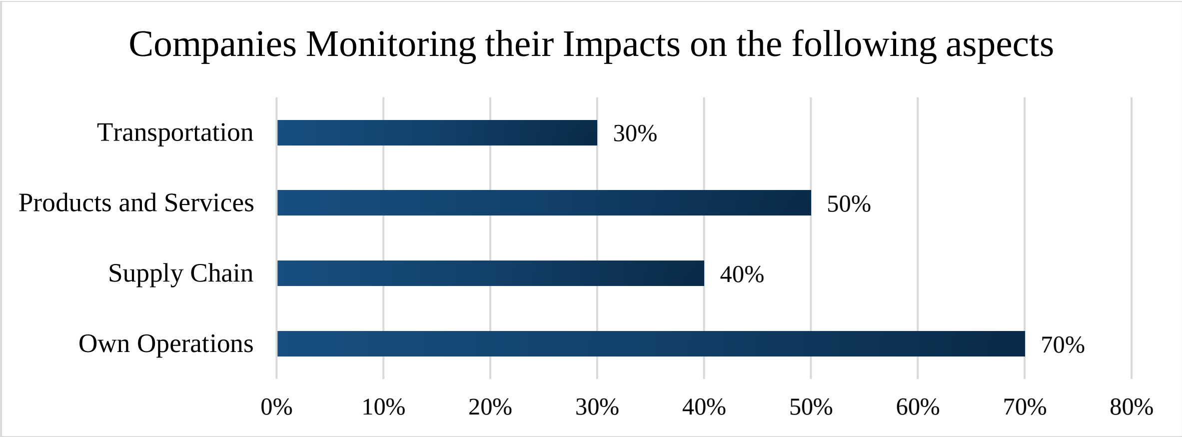
Graph 29

The biodiversity and ecosystem can be significantly improved by companies sourcing sustainable final products. Companies can play a critical role in promoting this transformation. Procuring sustainable products is a significant step towards building a more sustainable future. The top players like Hero Moto Corp, Hindustan Zinc Ltd, NTPC Talcher and Grasim Industries procure their all-final products which are sustainable.



Graph 30

Companies also evaluate the impact of their activities, products, and services, supply chain, transportation, etc., on protected areas and areas of high biodiversity value outside protected areas. The companies monitor and assess the above impacts on the aspects described in the graph 31 below.



Graph 31

Organizations that are dedicated to conserving biodiversity can benefit greatly from partnering with local governments, NGOs, and local communities. By working together, these stakeholders can leverage their unique strengths, resources, and knowledge to achieve shared goals and protect the natural world.

Companies collaborate with the following on projects to conserve biodiversity:

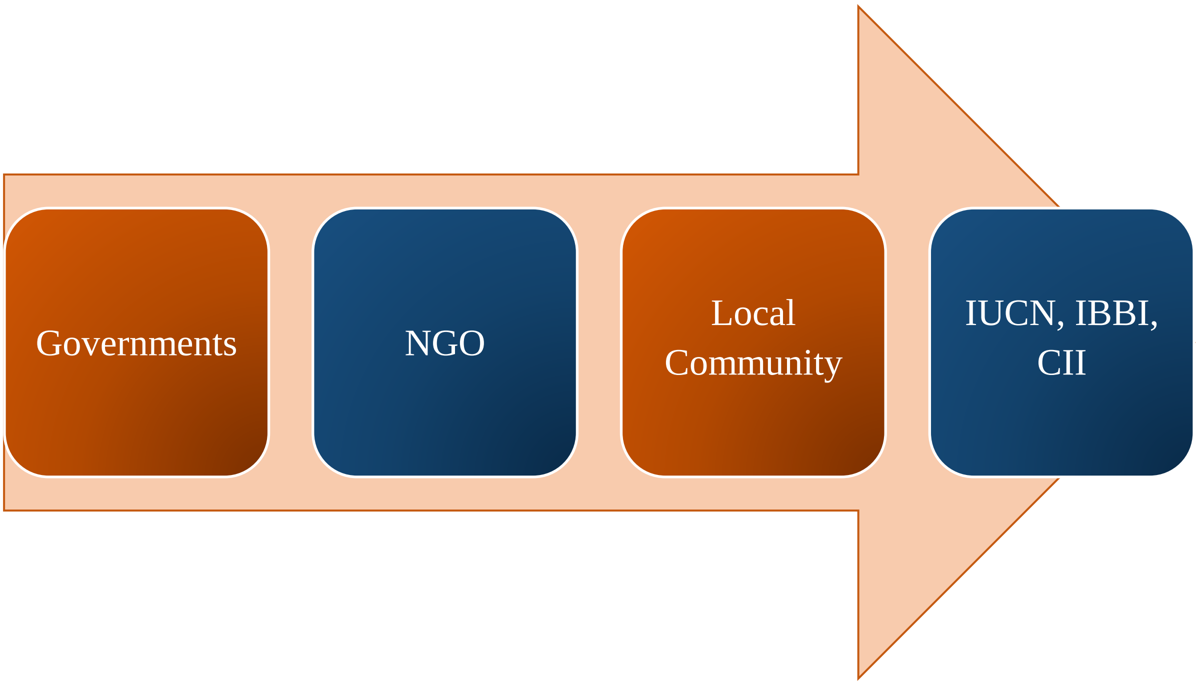


Figure 16

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 Southeast 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.

CII-ITC Centre of Excellence for Sustainable Development

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