



Research Paper

Sustainability Reporting – A Study on Performance of Top 10 Companies for Sustainability and CSR in India.

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Abstract

Sustainability Reporting were the companies can report and publish their performance and impact metrics across a variety of Environment, Social, and Governance (ESG) criteria with the use of sustainability reporting. Businesses continue to use a variety of reporting systems to communicate their ethical business performance. In 2019–20, 27% of the companies under investigation had released an integrated report. The research focuses on top 10 companies on sustainability reporting. It is found that Godrej Consumer Products tops the ranking list for the first time. Two Tata companies (Tata Chemicals and Tata Power) appear in the top 10 rankings. Manufacturing companies perform far better than service companies. Information Technology is the top performing industry, while other financial is a laggard. All the top 10 companies mapped their business goals with SDGs. The progress of sustainability reporting in India is slow, but a significant and sound start has been made.

Keywords Sustainability Reporting, Environment, Social, and Governance (ESG), Sustainable Development Goals (SDGs).

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I. Introduction

Sustainability Reporting were the companies can report and publish their performance and impact metrics across a variety of Environment, Social, and Governance (ESG) criteria with the use of sustainability reporting. It is intended to nudge companies into being open and transparent about their risks and opportunities. Sustainability Reporting is gaining traction in India, only one-fifth of the 586 companies assessed in 2021 issued sustainability reports. Compared to last year, 12 new companies have made these disclosures for the first time, according to a report by CRISIL. Investors and stakeholders priorities companies that have ESG ambitions. This elbows companies to clearly communicate their roadmap towards achieving their sustainability goals. Reporting on business responsibility, although the percentage is still modest, responsible business reporting is gradually increasing among the top Indian corporations. Businesses continue to use a variety of reporting systems to communicate their ethical business performance. In 2019–20, 27% of the companies under investigation had released an integrated report. A lot of these also released sustainability reports based on the GRI during the year. The required format for reporting by responsible businesses is called a "**Business Responsibility Report**" (BRR). When preparing BRR, Indian businesses adhere to the National Voluntary Guidelines on Social, Environmental, and Economic Responsibilities of Business (NVGs), which were issued in 2011. The NVGs were amended and made public as the National Guidelines for Responsible Business Conduct in March 2019 (NGRBCs). According to our research, the majority of people still prepare BRRs as per NVGs, three companies – JSW Steel, TVS Motors and Sundaram Clayton – prepared their BRR as per NGRBCs.

Performance improvement is skewed towards Environment parameter

Companies perform well in the Environment parameter, which is consistent with a number of national and international environmental goals. Since most of the initiatives in this dimension pertain to a company's internal operations, we observe that businesses have been swift in putting various measures into place.

However, there is a huge scope for development in the social and governmental spheres. We discover that businesses are primarily concerned with adhering to domestic law rather than actively analysing what is pertinent to their operations and redefining their benchmarks in the global market.

The practice of ESG investing began in the 1960s as socially responsible investing (SRI), with investors initially excluding stocks or entire industries from their portfolios based on their involvement in business activities, such as tobacco production or their implicit support of the South African apartheid regime.

While ethical considerations and alignment with values remain common motivations of many of today’s ESG investors, the field is rapidly growing and evolving. For asset owners who seek to invest in a way that is aware of and responsive to climate change, solutions in the marketplace have traditionally focused on mitigation: reducing the effects of climate change on a portfolio by, for example, reducing exposure to greenhouse gases and increasing exposure to ‘green’ energy companies. As extreme weather events become more frequent and the economic impacts of climate change more widely understood and accepted, investors will require companies to disclose how they are adapting their business strategies to accommodate the impacts of climate change.

Many investors now look to incorporate ESG factors into the investment process alongside traditional financial analysis. As part of this process, investment firms gather ESG data on companies and use this to make decisions on valuation and risk of a stock. With investors looking at ESG as a value-based dimension of their portfolio, they increasingly want to understand ESG performance the same way they would any other traditional financial measure. This is leading to greater interest in robust ESG reporting along dimensions such as carbon intensity, controversy exposure, and overall ESG profile.

Once considered a niche market for institutional clients with specialised investment needs, ESG investing has gone mainstream. It now spans multiple asset classes and is used by a diverse group of investors. We have tracked ESG over the seven years of our study and it indicates that companies are putting significant efforts to improve their performance.

Environment: Focuses on a company’s environmental disclosure, environmental impact, and, any efforts to reduce pollution or carbon emissions

Social: Refers to the workplace mentality (diversity, management, human rights) as well as any relationship surrounding the community (philanthropy or corporate citizenship)

Governance: Accounts for compensation, shareholder rights, and the relationship between shareholders and management.

ESG analysis looks at various factors to capture ESG components:

Environment

Focuses on a company’s environmental disclosure, environmental impact, and, any efforts to reduce pollution or carbon emissions

CLIMATE CHANGE	NATURAL CAPITAL	POLLUTION	OPPORTUNITY
GHG disclosure	Water mapping	Process waste, including waste water discharge	Opportunities in Renewable energy
Air emissions	Water management	Plastic waste	Opportunities in Green buildings/factories
Responsible finance*	Responsible sourcing	Packaging waste	Opportunities in Sustainable product/service
		Electronic waste	Opportunities in Employee awareness
		Organic/food waste	Opportunities in Green logistics

Social

Refers to the workplace mentality (diversity, management, human rights) as well as any relationship surrounding the community (philanthropy or corporate citizenship)

HUMAN CAPITAL	CUSTOMER	SOCIAL OPPORTUNITIES
Employee management	Health & Safety	Opportunities in community welfare
Employee welfare	Environment	Opportunities in Employee management
Health & Safety	Social	Opportunities in Supply chain management
Human Capital development	Financial Literacy	
Supply chain labour standards	Responsible Advertising	
CSR Volunteering		

Governance

Accounts for compensation, shareholder rights, and the relationship between shareholders and management

CORPORATE GOVERNANCE	CORPORATE POLICIES	DISCLOSURE
Board committees	Customer data privacy	Responsible business reporting framework
Executive Management	Biodiversity policy	External assurance
Alignment with principles/frameworks like SDGs	Responsible business policy	Impact assessment
	Employee policies	Material issues
		Partnerships/Collaborations

Sustainable Development Goals (SDGs)

Companies are gradually incorporating SDGs into their responsible business actions. Of the top 100 companies studied, 80% of the companies have mapped their responsible business actions to SDGs. Key action themes for companies include renewable energy, water, waste and data privacy.

Energy

Renewable energy utilization has geared up pushed by the move towards net zero. Solar energy continues to be the preferred renewable energy source for companies. Many policy related changes are happening in the renewable energy space – around e-mobility and bio fuel.

Water

Use of water in operations and its access in society is a focus for companies. Water related programs for supply chain are still at a nascent stage.

Waste

Initiatives to manage e-waste, municipal waste and plastic reuse & recycling continue to trend upwards.

Data

Customer data and its privacy has become a material aspect in the operations of services companies; new laws are getting formulated.

Objectives:

- To study the Sustainability Reporting in India.
- To study the Performance of Top 10 companies for Sustainability and CSR in India.

II. Research Methodology:

Top 10 companies for Sustainability and CSR in India were selected for the sample. Simple random sampling was adopted for the selection of the respondents. The research is purely based on secondary data. The secondary data was collected for the review from journals, newspapers, and internet. The data was analyzed with the help of averages and performance based on ranking and their average scores.

Top 10 companies for Sustainability and CSR in India.

1. Godrej Consumer Products Ltd.
2. Infosys Ltd.
3. Wipro Ltd.
4. Tata Chemicals Ltd.
5. ITC Ltd.
6. Jubilant Life Sciences Ltd.
7. Grasim Industries Ltd.
8. Vedanta Ltd.
9. Tata Power Company Ltd.
10. JSW Steel Ltd.

Variables under the Research Study:

Based on the previous studies the variables are identified.

The variables of the study are

Environment: Focuses on a company’s environmental disclosure, environmental impact, and, any efforts to reduce pollution or carbon emissions.

Social: Refers to the workplace mentality (diversity, management, human rights) as well as any relationship surrounding the community (philanthropy or corporate citizenship).

Governance: Accounts for compensation, shareholder rights, and the relationship between shareholders and management.

III. Findings and Discussion:

Table no 1: Performance based on ESG

	ENVIRONMENT	SOCIAL	GOVERNANCE	TOTAL
Average Scores (a)	22.2	14.3	15.1	51.6
Median Scores (b)	23	15	14	51.6
Highest Score (c)	35	23	30	79
Lowest Score (d)	3	2	5	13
Average Score/Highest Score (a/c)	0.63	0.62	0.5	0.65
Percentage companies that score more than 50% scores	0.76	0.35	0.35	0.52

From the above table the average score for environment is 22.2 percent, social is 14.3 percent, governance percentage is 15.1. Highest score is 35 percent in environment, 23 percent in social, 30 percent in governance. Lowest score is 3 percent in environment, 2 percent in social, 5 percent in governance. Performance improvement is skewed towards Environment parameter

Table no 2: Performance based on Manufacturing and services

RANK	MANUFACTURING COMPANIES	SERVICE COMPANIES
1	Godrej Consumer Products Ltd.	Infosys Ltd.
2	Tata Chemicals Ltd.	Wipro Ltd.
3	ITC Ltd.	Tech Mahindra Ltd.
4	Jubilant Life Sciences Ltd.	Adani Ports & Special Economic Zone Ltd.
5	Grasim Industries Ltd.	Tata Consultancy Services Ltd.

Manufacturing companies, on an average, score far better than service companies - both overall and across criteria.

Table no 3: Performance based on ESG for Manufacturing and services

AVERAGE SCORES	ENVIRONMENT	SOCIAL	GOVERNANCE	TOTAL
Manufacturing	25.4	15.4	16.8	57.6
Services	17.3	12.6	12.6	42.5

From the table no, Average score of manufacturing sector for environment is 25.4 percent, 15.4 percent for social, and 16.8 percent for governance. Average score of service sector for environment is 25.4 percent, 15.4 percent for social, and 16.8 percent for governance.

Table no 4: Performance based on Public and private Sector Companies

RANK	PUBLIC COMPANIES	PRIVATE COMPANIES
1	NTPC Ltd.	Godrej Consumer Products Ltd.
2	Bharat Petroleum Corporation Ltd.	Infosys Ltd.
3	Indian Oil Corporation Ltd.	Wipro Ltd.
4	Steel Authority of India (SAIL) Ltd.	Tata Chemicals Ltd.
5	GAIL (India) Ltd.	ITC Ltd.

Private sector companies continue to perform better than public companies. While they perform better on environmental and governance issues, they lag slightly on the social front.

Table no 5: Performance based on ESG for Public and private Sector Companies

AVERAGE SCORES	ENVIRONMENT	SOCIAL	GOVERNANCE	TOTAL
Public	17.3	14.6	12.6	44.5
Private	23.6	14.2	15.9	53.7

From the table Average score of public sector for environment is 17.3 percent, 14.6 percent for social, and 12.6 percent for governance. Average score of private sector for environment is 23.6 percent, 14.2 percent for social, and 15.9 percent for governance. The overall average score for public sector is 44.5 percent and for private sector is 53.7 percent. The private sector are more conscious about the factors regarding environment, social and governance.

Table no 6: Performance based on Industries

Information Technology and Materials are the top performing industries, while Financials and Other Financials continue to be laggards.

INDUSTRY	AVERAGE SCORE	TOP PERFORMING COMPANY
Information Technology	68	Infosys Ltd.
Materials	59.8	Tata Chemicals Ltd.
Diversified	58.8	ITC Ltd.
Utilities	58.5	Tata Power Company Ltd.
Consumer Staples	55.3	Godrej Consumer Products Ltd.
Consumer Discretionary	54.6	Mahindra & Mahindra Ltd.
Telecommunication Services	54	Tata Communications Ltd.
Capital Goods	53.4	Larsen & Toubro Ltd.
Healthcare	53.3	Jubilant Life Sciences Ltd.
Energy	53	Bharat Petroleum Corporation Ltd.
Other Industrials	47	Adani Ports & Special Economic Zone Ltd.
Financials	40.3	HDFC Bank Ltd.
Other Financials	34.7	Mahindra & Mahindra Financial Services Ltd.
All	51.6	Infosys Ltd.

From the table, the list of top performing companies were disclosed. The average score for the top performing companies leads Infosys Ltd under Information Technology with an average score of 68 percent. The least average score of 34.7 percent from Mahindra & Mahindra Financial Services Ltd. Under other financials.

ESG Performance over Years

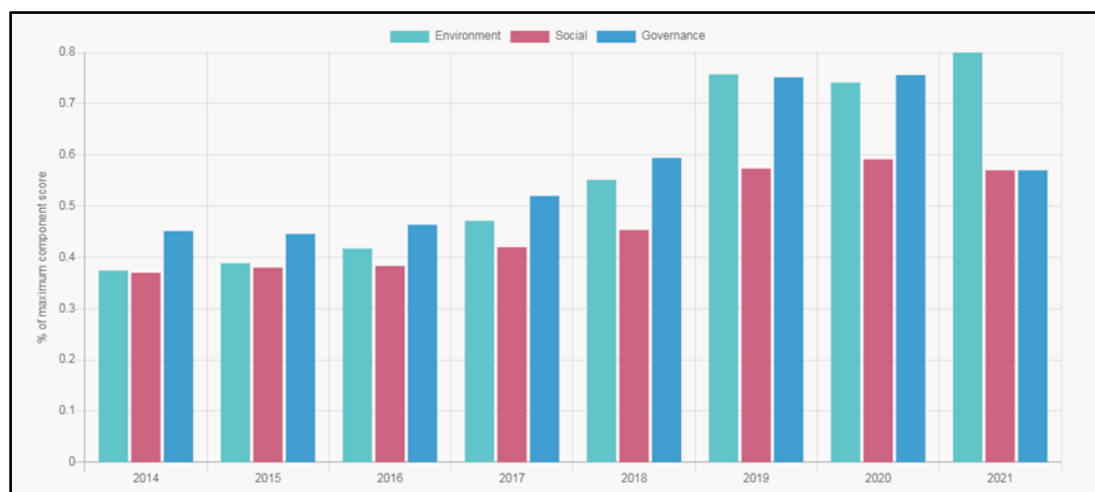


Figure no 1: Performance ESG Performance over Years

Future Trends

- The economic recovery will have sustainability at its core.
- Green and resilient supply chains are the emerging focus and not merely the lowest cost.
- The developments in India – the clamour for green recovery and the release of taxonomy for ESG – are likely to have significant transmission effects for Indian companies with global ambitions.
- ESG investing will continue its rising trend and will put pressure on companies that engage in unsustainable practices.
- Sustainability reporting will increase with the launch of BRSR. Quality of Reporting will see significant changes as investors increase pressure on disclosures.

Findings

- Godrej Consumer Products tops the ranking list for the first time.
- Two Tata companies (Tata Chemicals and Tata Power) appear in the top 10 rankings.
- Manufacturing companies perform far better than service companies.
- Information Technology is the top performing industry, while other financial is a laggard.
- The top ten ranks cover a range of industries – information technology, FMCG, Chemicals, life sciences, textiles, power, steel and mining.
- Integrated reporting is ramping up. 27% of the companies produce integrated reports.
- All the top 10 companies mapped their business goals with SDGs
- The progress of sustainability reporting in India is slow, but a significant and sound start has been made.

IV. Conclusion:

Sustainability Reporting is gaining traction in India, only one-fifth of the 586 companies assessed in 2021 issued sustainability reports. 12 new companies have made these disclosures for the first time, according to a report by CRISIL. Investors and stakeholders priorities companies that have ESG ambitions. This elbows companies to clearly communicate their roadmap towards achieving their sustainability goals. Reporting on business responsibility, although the percentage is still modest, responsible business reporting is gradually increasing among the top Indian corporations. Businesses continue to use a variety of reporting systems to communicate their ethical business performance. In 2019–20, 27% of the companies under investigation had released an integrated report. Godrej Consumer Products tops the ranking list for the first time. Two Tata companies (Tata Chemicals and Tata Power) appear in the top 10 rankings. Manufacturing companies perform far better than service companies. Information Technology is the top performing industry, while other financial is a laggard. All the top 10 companies mapped their business goals with SDGs. The progress of sustainability reporting in India is slow, but a significant and sound start has been made.

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