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Responsible Business Rankings 2017

India's Top Companies for Sustainability and CSR 2017

futurescape

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भारतीय प्रबंधन संस्थान उदयपुर
Indian Institute of Management Udaipur

PREFACE AND ACKNOWLEDGEMENTS

Responsible business includes two constructs - sustainability and CSR. While both are sometimes used interchangeably, they are also terms that have different connotations in the Indian context.

Sustainability: Most large firms in India and Internationally have been focusing on developing sustainable business practices and reducing environmental impact of their activities. These activities include reduction in emissions to diminish the impact of climate change, waste and water management and a move towards renewable sources of energy. This is particularly important now since India has committed a 35% reduction in emissions by 2030.

CSR: 2014 saw the Companies Act with the mandatory CSR provision come into effect. The Act makes it mandatory for companies meeting certain thresholds to spend 2% of its net profits in CSR. The Indian act largely focuses on philanthropy in certain key areas. The focus being on giving back to society over and above ordinary course of business. Even as the Indian law looks at a philanthropic, community-centred approach, it is also true that smart strategies have been developed by industry leaders that look at CSR while creating far-reaching positive business impact.

We take the two constructs together and call it responsible business.

Our study aims to uncover two key indicators Spread, and Spend. Amount of money spent on CSR is a common indicator of CSR performance. Yet it is not enough. We also need to look at performance. We use spread as a performance measure that includes Governance, Disclosure, Stakeholders and Sustainability.

We look forward to your thoughts and comments on the study.

A big thanks to Prof. Janat Shah, Director, IIM Udaipur without whose support the study would not have been possible. We would also like to thank William Litwack of IIM Udaipur for his incisive comments and editorial support. A special thanks to our lead researcher Neelam Agrawal and her band of researchers Supriya Lobo and Niyati Trivedi whose contribution was invaluable.

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Prof PD Jose, Indian Institute of Management Bangalore
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Tata group companies occupy the prime position. Of the top 5 companies, four are from the Tata stable.

Ambuja Cement has broken into the top ten list while Larsen and Toubro has moved out.

Shree Cement has come up the ranks while, UltraTech Cement, ITC and Mahindra & Mahindra have dropped a few places.

The sole representative of the public sector, Bharat Petroleum, has dropped out of the top ten list.

Like the previous year, this year too there is no foreign company in the top ten list.

Rank (2016)	Company	Rank (2015)	Company
1	Tata Chemicals Ltd.	1	Tata Steel Ltd.
2	Tata Steel Ltd.	2	Tata Power Company Ltd.
3	Tata Power Company Ltd.	3	UltraTech Cement Ltd.
4	Shree Cements Ltd.	4	Mahindra & Mahindra Ltd.
5	Tata Motors Ltd.	5	Tata Motors Ltd.
6	UltraTech Cement Ltd.	6	Tata Chemicals Ltd.
7	Mahindra & Mahindra Ltd.	7	ITC Ltd.
8	ACC Ltd.	8	Shree Cement Ltd.
9	Ambuja Cements Ltd.	9	Bharat Petroleum Corporation Ltd.
10	ITC Ltd.	10	Larsen & Toubro Ltd.

2. Business Responsibility scores and spends increase significantly

A few years back top Indian businesses were asking "What should our sustainability / CSR strategy be, in the light of our business?". Now they ask, "How can we create responsible businesses?". Businesses are increasingly realising that while compliance to local and international laws around emissions, waste, water, energy and CSR is indeed expected but the bigger requirement is that companies start thinking in a wholistic way about how they run their businesses in the light of increased resource scarcity, technological changes and societal expectations. Forward looking CEOs are now clear that business has to be a part of the solution and sustainability challenges could be a business opportunity rather than a risk. Indian industry is focusing attention on emission free transportation, renewable energy, better materials and innovative solutions to blend sustainability with profit. As a result of this, the overall results are far better than those of previous years.

a. Sustainability reporting has increased with 26% more companies publishing business responsibility reports (BRR) and 11% more companies publishing sustainability reports.

	BRR	SR
Of 220 companies studied		
2015-16	117	59
2014-15	93	53
% change yoy	26%	11%

Interestingly, Tata Steel has come out with a report following Integrated Report framework.

b. Scores on all parameters that form part of our performance measures have improved. Performance is measured as scores on Governance, Disclosure, Stakeholders and Sustainability. Improvement in sustainability reporting has contributed to the improvements in sustainability and disclosure scores.

Average scores	Governance	Disclosure	Stakeholders	Sustainability	All
2015-16	11.6	6.6	12.6	16.5	47.3
2014-15	11.0	5.2	11.5	14.6	42.4

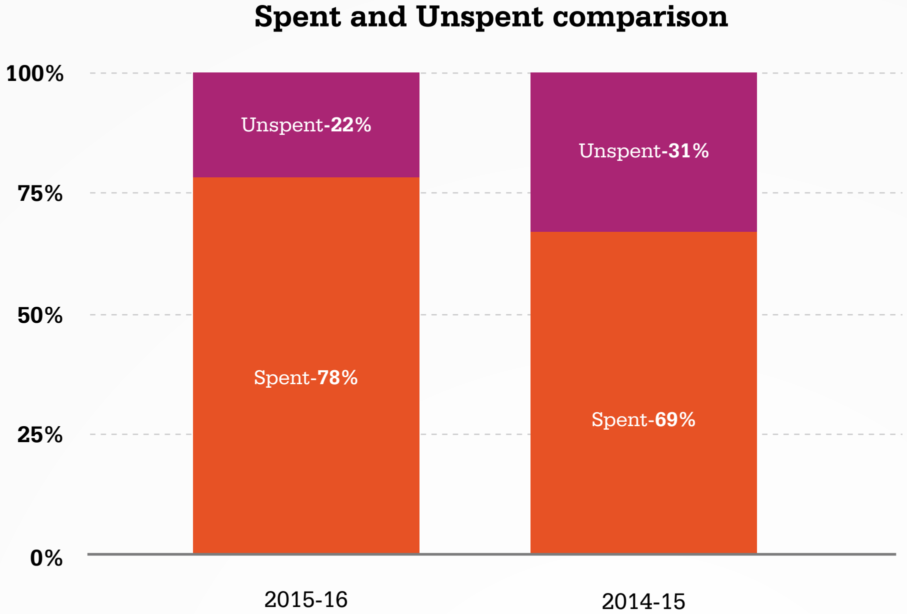
c. Overall, more companies scored more than halfway mark (50 marks) - 47% vs 40% last year.

d. Top third companies still perform better than the rest. However, there are across the board increases in all three groups. This indicates an increasing pace of improvement.

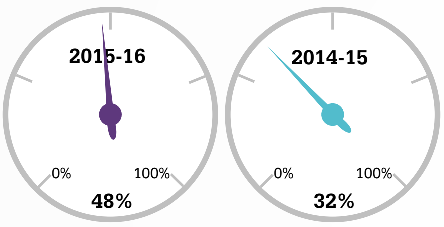
15-16		No of companies	Governance	Disclosure	Stakeholder	Sustainability
Top	Mean	73	15.90	12.21	17.51	27.12
	Std Dev		1.24	2.47	2.74	4.59
Middle	Mean	73	11.82	6.99	12.81	15.74
	Std Dev		1.73	3.00	2.93	4.17
Bottom	Mean	74	7.04	0.65	7.69	6.85
	Std Dev		2.29	1.34	3.07	4.08

14-15		No of companies	Governance	Disclosure	CSR Stakeholder	Sustainability
Top	Mean	72	15.57	11.29	17.13	25.22
	Std Dev		1.43	3.16	2.80	5.30
Middle	Mean	72	11.13	4.21	11.19	13.79
	Std Dev		2.26	3.21	2.94	4.00
Bottom	Mean	73	6.34	0.25	6.34	4.93
	Std Dev		1.98	0.83	3.06	3.79

e. Aggregate spends have increased. More of committed funds were spent in 2015-16 - 78% vs 69%.



More than 2% spend



3. Business Responsibility focus areas see a shift

Any business strategy that takes responsibility into account has to be about specifics. How can this company build on its particular strengths to profit from sustainability? What are the specific impacts of responsibility issues on its markets, supply chain, staff and so on? What are the innovations which will enable customers to meet their needs, within environmental limits? What are the markets, current and potential, where the company can create a profitable, sustainable offer? How must the business shape its context to make sure there is a sustainable base to its competitive advantage?

a. There is greater emphasis on **green supply chains** this year.

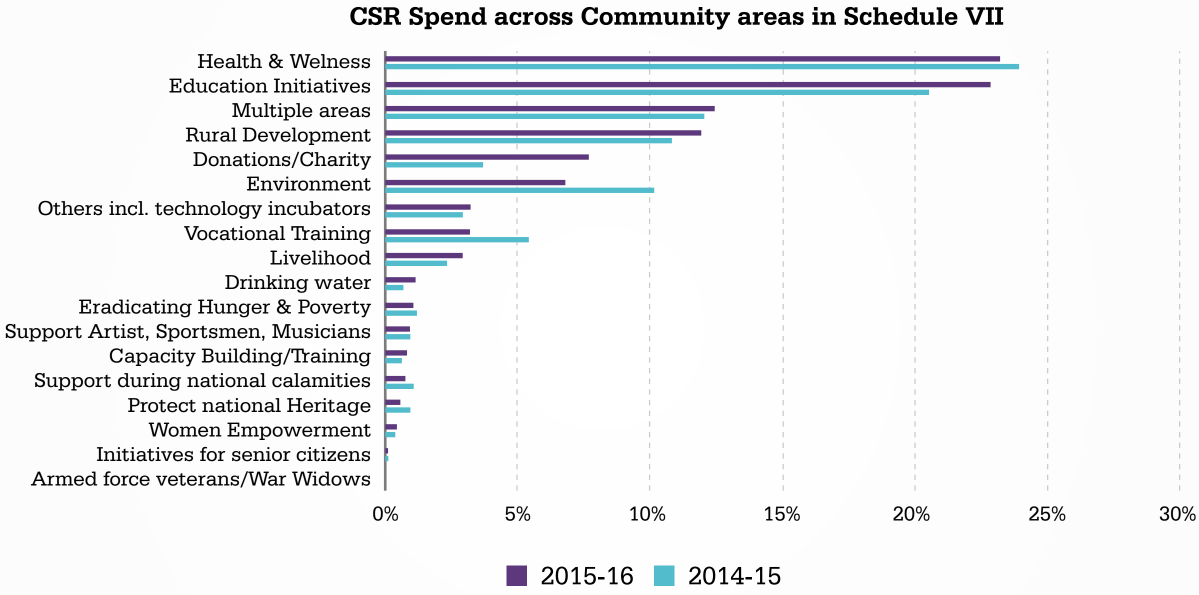
2015-16	Give sustainable targets to suppliers	Conduct sustainability audits
Manufacturing	38%	43%
Services	38%	43%
Combined	38%	43%

2014-15	Give sustainable targets to suppliers	Conduct sustainability audits
Manufacturing	34%	31%
Services	30%	33%
Combined	32%	32%

b. With regard to **renewable energy,** solar still remains the primary investment area; wind has dropped marginally. BPCL & Indian Oil have formed dedicated policies for renewable energy, which focuses on investment plans and R&D initiatives. This indicates that conventional energy firms are shifting towards renewables.

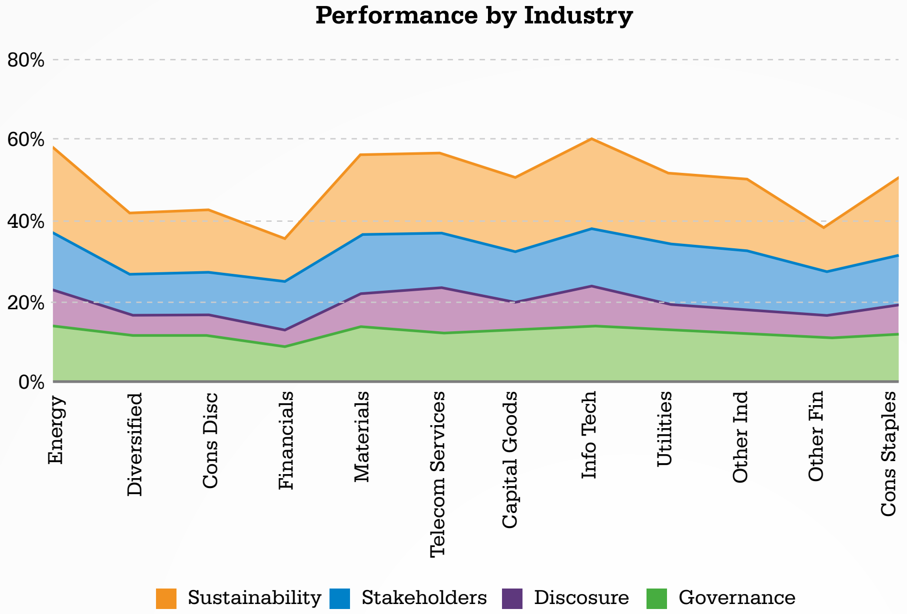
	All companies (2015-16)	All companies (2014-15)
Solar energy	60%	59%
Wind energy	30%	32%
Biofuel	21%	16%
Hydro energy	9%	10%

c. With regard to **CSR spending**, the percentage of aggregate spending on Health and wellness, environment and vocational studies has dropped significantly. There appears to be a rebalancing of activities being undertaken by companies.

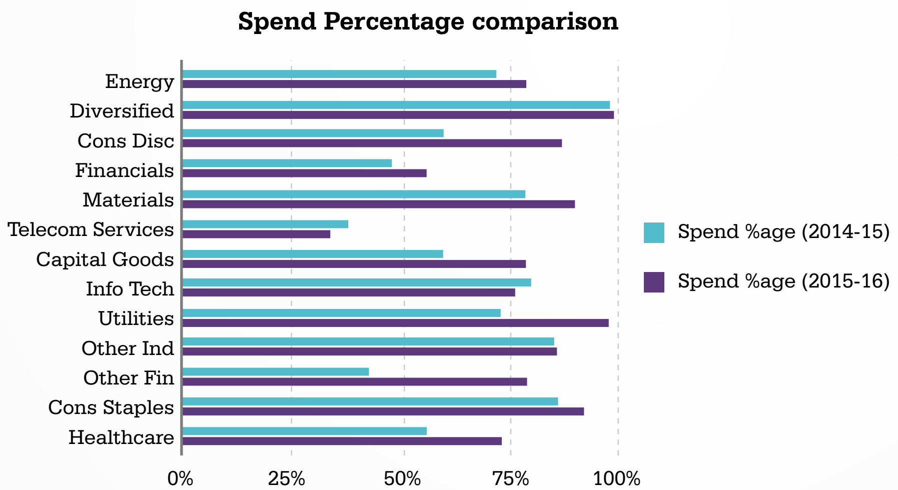


4. Certain sectors are performing better than others

a. Information technology and Energy sectors score high on performance.



b. Diversified and utilities companies spend almost all their allocations. Utilities sector shows a significant improvement this year.



METHODOLOGY

This study aims to examine sustainability reports (based on GRI), Business Responsibility Reports (BRR), among others. It also brings information disclosed publicly, whether online or in annual reports - including those with integrated reporting (IR) framework.

It is not sufficient for companies to merely invest in CSR projects and meet the 2% norm. One needs to understand whether Sustainability and CSR is being looked at strategically. Do companies have a Sustainability and CSR policy? Is there a board oversight? Is Sustainability and CSR information reported? More importantly, do Sustainability and CSR activities cover all the stakeholders?

The study therefore focuses on responsible business activities by combining CSR and sustainability constructs.

Governance

How well is the governance for responsible business structured?

Disclosure

How forthcoming are companies with respect to responsible business activities & performance

Stakeholders

How well are key stakeholders (employees, community, customers and suppliers) integrated within a company's responsible business framework?

Sustainability

How pervasive are sustainability practices (initiatives and targets to manage waste, water, energy, emissions) of companies?

Ranking is based on a weighted average of these four criteria. We assign a 20% weight to Governance, 15% to Disclosure, 30% to Stakeholders and 35% to Sustainability. The highest score that a company can get is 100.

METHODOLOGY

Companies are ranked on their focus on responsible business by creating a combined score that weighs each of the four parameters.

The scores were arrived at by evaluating each company's sustainability/GRI reports, annual reports (including IR) and websites by an analyst who scored based on a number of dimensions under the four parameters. The scoring was kept objective by requiring the analyst to score based on the presence or absence of the dimension. For example, if the company's website provided a sustainability/GRI report on the website then it received a score of 1 on that dimension otherwise the analyst scored it 0. Thus, if the criteria disclosure had four sub criteria, then each of the four criteria would be scored as depicted in the table on the right.

Disclosure	Score
Sub criterion 1	1
Sub criterion 2	0
Sub criterion 3	1
Sub criterion 4	1

Thus this company has scored 3 marks out of 4 for disclosure. If the total marks assigned for disclosure are 15 then the score on disclosure for the company is taken as (3/4*15) or 11.25.

The criteria include:

Governance (20%) – How well is the governance for responsible business structured?

- Board oversight of CSR and sustainability issues
- Managerial accountability of responsible business issues
- Corporate policies and management systems, such as a signatory to the United Nations Global Compact (UNGC), a formal policy on sustainable practices, a formal CSR policy, etc.

Disclosure (15%) – How forthcoming are companies with respect to responsible business activities and performance?

- Sustainability reports as per standards, such as the GRI reports
- Disclosure in financial filings
- Participation in global projects such as the Carbon Disclosure Project

Stakeholders (30%) – How well are key stakeholders (employees, community, customers and suppliers) integrated within a company's responsible business framework?

- Employee-centric initiatives
- Customer-centric initiatives
- Community-centric initiatives
- Supplier-centric initiatives

Sustainability (35%) – How pervasive are sustainability practices of companies?

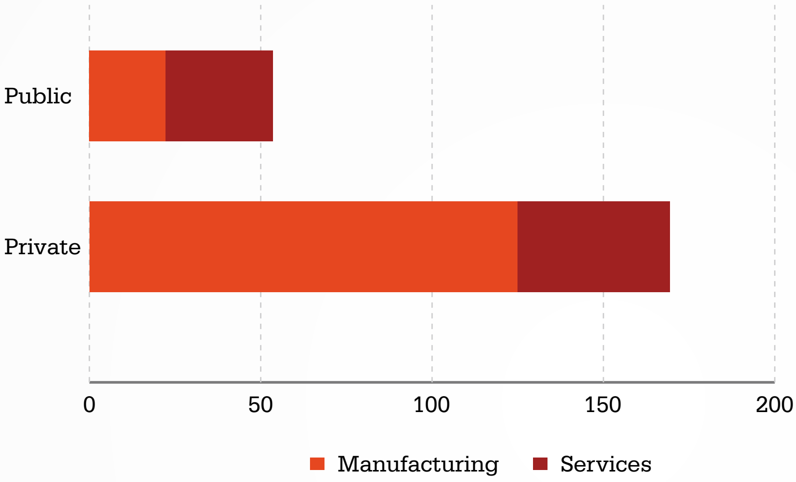
- Programmes related to waste, water and energy, and targets to reduce their impact
- Promoting sustainable products and services
- Programmes and targets to build sustainable supply chains
- Programmes and targets to build sustainable logistics

After the analyst reviewed one company, another analyst reviews the scores for a quality check. Where there were differences of opinion on a score they were resolved through (i) mutual agreement or (ii) reference to the authors. This process makes the study as rigorous as possible.

The study looked at top 220 companies to arrive at the ranking. It covers industries as varied as automobiles, banks, diversified, FMCG, infrastructure, information technology, metals and mining, oil, power, steel, pharmaceuticals, telecommunications and others.

DATA SAMPLE

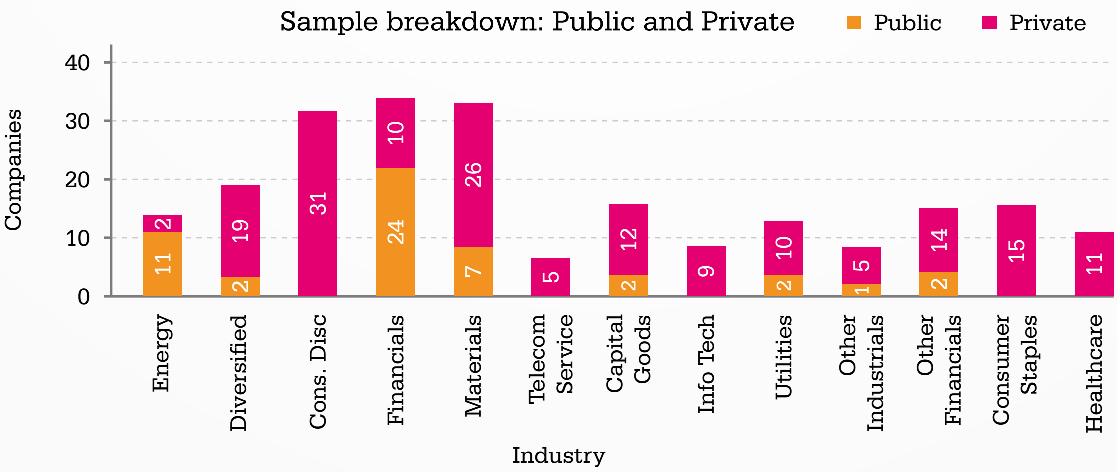
Study data consisted of 220 companies. Top 200 companies were taken based on sales performance. Further 20 companies were added following previous years' list. This took the sample size to 220.



The sample consisted of 169 private companies and 51 public sector companies. Of the total, 143 companies came from the manufacturing sector and 77 from the service sector.

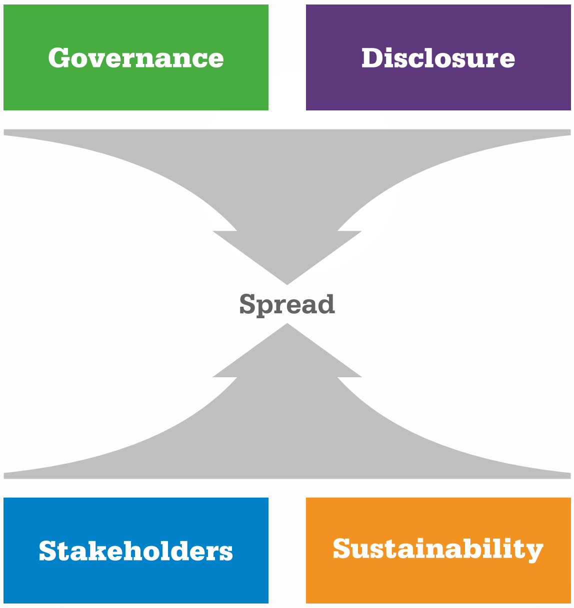
For the study on CSR spend by companies, a subset of the sample size is utilised. As CSR spend data is only available for 170 companies, our spend analysis is based on this sample. This is a small decrease from 173 companies in the year 2014-15.

Industry-wise breakdown is as follows:



RESPONSIBLE BUSINESS RANKINGS

Companies undertake many types of responsible business activities. It is difficult to comprehend easily the breadth and scope of their work. The study uses a measure called the Spread, which is indicative of how broad-based the responsible business activities of a company are and a combined score of the four criteria - Governance, Disclosure, Stakeholders and Sustainability - is used to rank companies.



Key highlights of the study

- Tata group companies occupy the prime position. Of the top 5 companies, four are from the Tata stable.
- Ambuja Cement has broken into the top ten list, while Larsen and Toubro has moved out.
- Shree Cement has come up the ranks while, UltraTech Cement, ITC and Mahindra & Mahindra have dropped a few places.
- The sole representative of the public sector, Bharat Petroleum, has dropped out of the top ten list.
- Like the previous year, this year too there is no foreign company in the top ten list.

2016 vs 2015 RANKINGS

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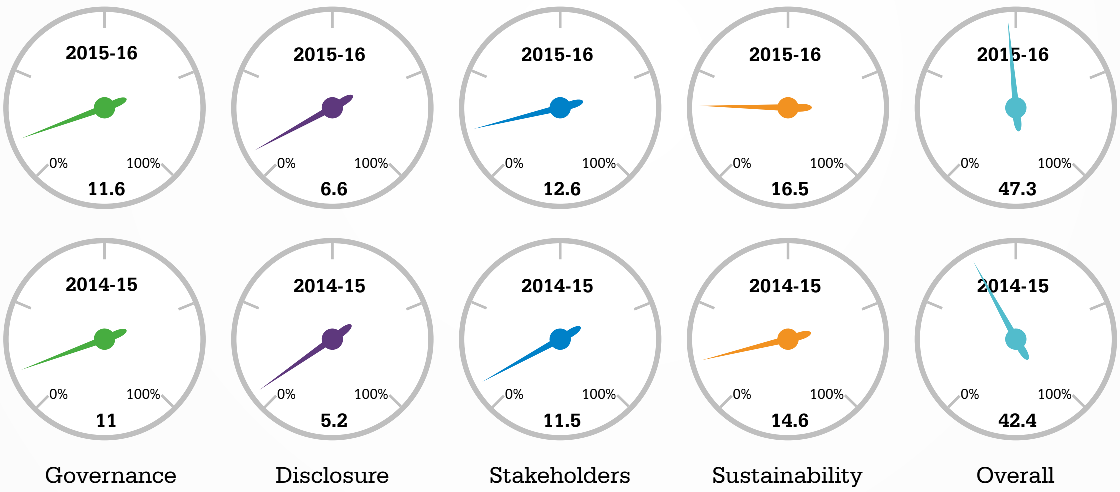
Criteria score comparison across time



The overall score has increased between 2015 and 2016 by almost 5 points. The bulk of the gains have come from higher sustainability scores and a modest increase in stakeholders and disclosure scores. We noticed an improvement in disclosure levels as more companies produced sustainability reports and business responsibility reports.

Of 220 companies studied	BRR	SR
2016	117	59
2015	93	53
% change yoy	26%	11%

The improved reporting provided greater disclosure that helped companies gain vital points during the scoring process.

SEGREGATING THE SAMPLE

The companies are split into three categories/modes:

- **Manufacturing and Service**
- **Public and Private**
- **Sector/industry**

Manufacturing and Service

The top 5 manufacturing and service companies are as follows:

Three Tata group companies remain in the top 5 list and all the service companies from last year's study continue to be in the top 5 this year too. Some companies such as Tata Chemicals and Shree Cement have jumped multiple places and entered the top 5 this year. Interestingly, no public company finds a mention in top 5 companies.

- Manufacturing companies, on an average, score far better than service companies (total score of 52 for manufacturing versus 39 for service companies) overall and across criteria. This difference is especially marked for sustainability scores indicating that these issues are more important for the manufacturing sector. As compared to 2015, there is an increase in scores across all parameters for both manufacturing as well as service companies.

	Manufacturing		Service	
	2015	2016	2015	2016
Governance	11.9	12.4	9.3	10.0
Disclosure	5.9	7.4	4.0	5.1
Stakeholders	12.3	13.1	10.2	11.8
Sustainability	17.3	18.9	9.7	12.1

Public and Private

The top 5 public and private companies are as follows:

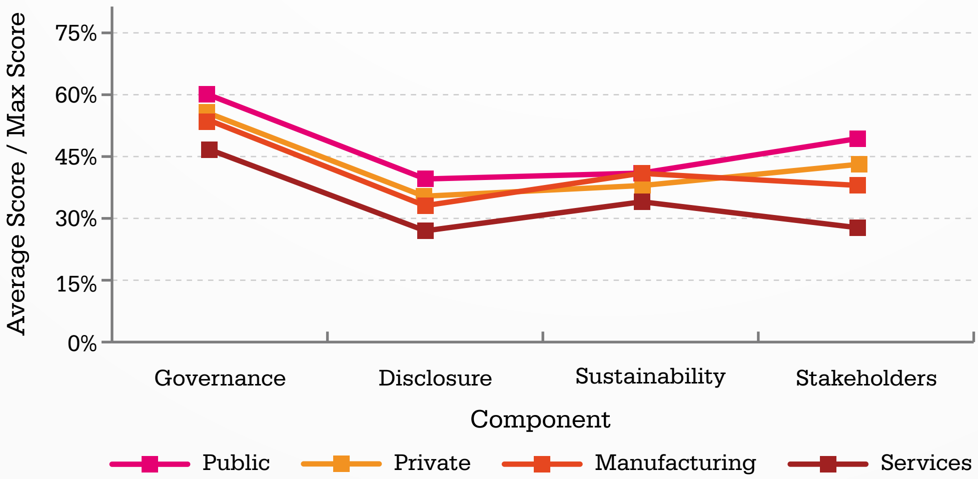
Most of the top 5 public sector companies from last year's study continue to be in the top 5 this year too. Interestingly no service company is part of the top 5 list.

	Public		Private	
	2015	2016	2015	2016
Goverance	10.8	11.0	11.1	11.8
Disclosure	4.9	6.2	5.3	6.7
Stakeholders	12.3	13.4	11.3	12.4
Sustainability	13.2	14.4	15.0	17.2

Public sector companies perform somewhat similar to private companies. Again, sustainability is the primary cause for the difference. Compared to 2015, both public as well as private companies improved their scores across the four parameters.

The diagram (Scoring pattern by type) compares companies across criteria. Since maximum possible scores of governance, disclosure, stakeholders and sustainability are different (20,15,30,35) we need to normalise average scores obtained for them to be comparable. This is achieved by dividing the average score by maximum possible score.

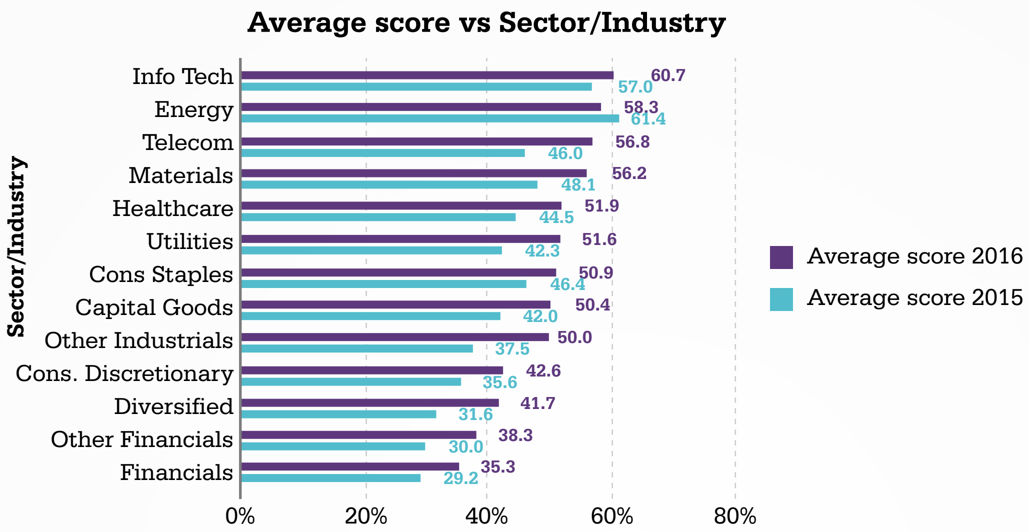
Scoring pattern by type



Sector/Industry

For all the companies the average score is 47.3 versus 42.4 in the previous year. Most industries score significantly better than overall average. The financial sector scores relatively poorly and brings down the overall average substantially. If we were to exclude financials and other financials from the sample (they constitute 50 companies out of a total of 220 companies) the overall average jumps to 50.6.

Information technology and Energy are top performers while diversified, financials and other financials are laggards. Compared to the previous year all sectors have performed better.



KEY SUCCESS FACTORS DIAGNOSED

Companies are reasonably strong on governance, weak in disclosure, relatively strong on stakeholders and, surprisingly, relatively weak on sustainability. More than half of all companies fail to beat the half way mark on all the fronts.

	Governance	Disclosure	Stakeholders	Sustainability	Total
Average Scores	11.6	6.6	12.6	16.5	47.3
Median Scores	12.0	6.0	13.0	15.0	47.0
Max Scores	19.0	15.0	24.0	35.0	87.0
Min Scores	3.0	0.0	2.0	0.0	7.0
Average/Max Scores	60.9%	43.9%	52.7%	47.2%	54.4%
Percentage more than half	62.0%	46.0%	33.0%	47.0%	47.0%

Governance: The average governance score as a percentage of total score is the highest of the four factors. Also, more companies score more than 10 marks, the halfway mark.

Disclosure: Companies tend to be relatively weak on this metric. Although about 46% of the companies score more than 7.5 marks (the halfway mark) a large number of companies score very poorly leading to a weak average score.

Stakeholders: This is another area where companies tend to perform weakly - the average score is relatively low as well as the percentage of companies scoring more than halfway mark are the lowest.

Sustainability: Sustainability performance is relatively strong. The average performance is relatively strong and the number of companies scoring more than halfway mark is also relatively high.

The analysis also finds that the variation of scores across companies is not uniform. To understand this, the companies were sorted in descending order of their ranks. They were, then, split into three equal sized segments. The group "Top" represents companies ranked 1-73. The "Middle" represents companies ranked 74-146 while "Bottom" represents companies ranked above 147.

		No of companies	Governance	Disclosure	Stakeholders	Sustainability
Top	Mean	73	15.90	12.21	17.51	27.12
	Std Dev		1.24	2.47	2.74	4.59
Middle	Mean	73	11.82	6.99	12.81	15.74
	Std Dev		1.73	3.00	2.93	4.17
Bottom	Mean	74	7.04	0.65	7.69	6.85
	Std Dev		2.29	1.34	3.07	4.08

As is obvious, higher ranked companies tend to score high on each criteria.

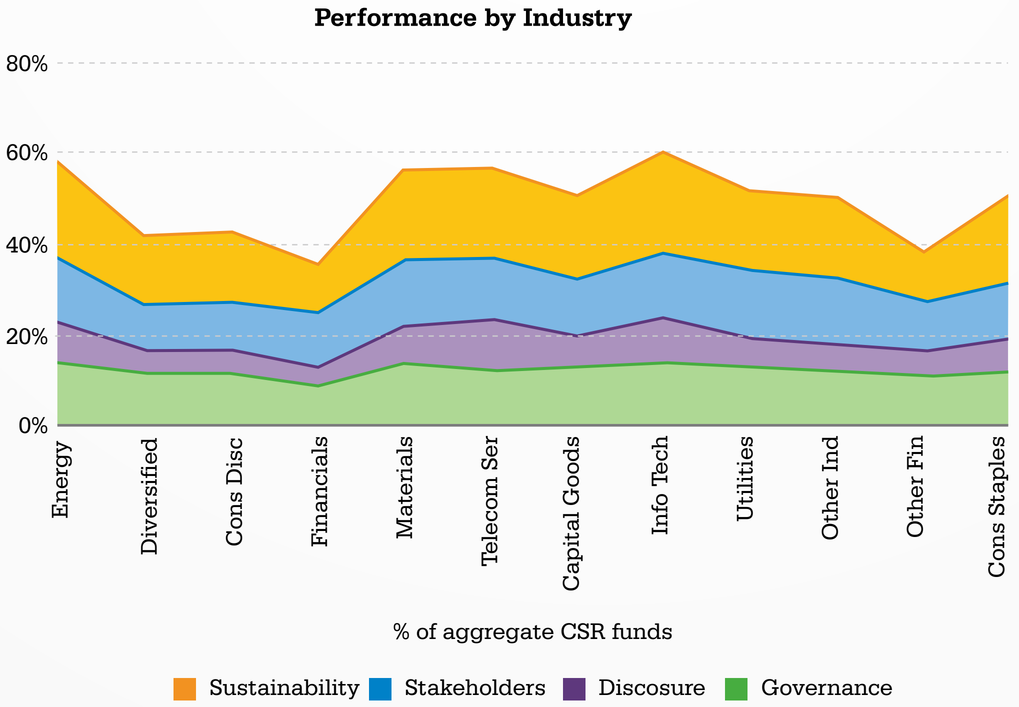
Governance: High ranking companies tend to be relatively more closely bunched. Low ranked companies tend to be more loosely clustered.

Disclosure: High ranking and mid-ranking companies are loosely clustered but the low ranking companies are tightly bunched. This is primarily because a lot of companies tend to have very low and similar scores.

Stakeholders: The standard deviation of stakeholders and disclosures tend to be similar except for the bottom third.

Sustainability: The standard deviation for sustainability are the highest. This is true across top, mid and bottom rankers.

Another interesting piece of result is performance by industry.



Governance: Energy and information technology perform best on governance. Financials performance is weak.

Disclosure: Telecommunication services companies performed best with all others a fair distance behind. Financials perform rather poorly.

Stakeholders: Utilities and Materials are the top performers while diversified and consumer discretionary are well behind.

Sustainability: Information technology and energy are head above shoulders across sectors. Financials and other financials perform rather weakly.

Comparisons Across Types

Governance was, in general, good and comparable across both manufacturing and service, except when it comes to the sub-criteria of policy on biodiversity and signatory to global principles. Although manufacturing companies have a higher participation on both these criteria than services companies, average percentage is still poor at 31% (27% last year) and 42% (35% last year), respectively, pointing to immense scope for improvement. In services industry, the maximum percentage of companies that were signatory to global principles and others such as the UNGC, was 67% (60% last year) as against 77% (92% last year) in the manufacturing industry.

Disclosure is poor in general because sustainability reporting is weak, especially in manufacturing. As manufacturing constitutes two-thirds of our sample size this year, poor disclosure performance weighs down the averages further. As reporting is weak, only around a-fourth of the companies had externally certified sustainability reports. Very few companies participated in industry-specific sustainability initiatives on average - 26% (16% last year) in manufacturing and 24% (14% last year) in service.

Sustainability scores are comparable between manufacturing and service for most categories, such as corporate reporting on direct GHG emissions, energy and waste management, sustainable products and supply chain. Nonetheless, there is a huge gap in the average proportion of companies undertaking water management programmes - 86% (79% last year) for manufacturing compared to 52% (47% last year) for service. Even though services companies are not water intensive, they could still undertake water management in their premises through monitoring and recycling. Some key manufacturing-specific areas for sustainability intervention, such as packaging, supply chain and logistics, also have a very low proportion of companies with relevant programmes - 40% and below.

Stakeholders, in general, have a low proportion of companies with programmes relative to Governance and Sustainability. Employees being central to services industries, it is surprising that only 59% (55% last year) services companies on average have programmes for employees. Similarly, only a few manufacturing companies (41%) have programmes for supply chain, even though they rely heavily on it. The least set of programmes is for customers across both manufacturing and service.

Group	Item	Average percentage across industries		Max percentage in any industry	
		Manufacturing	Service	Manufacturing	Service
Governance	Board oversight	98%	90%	100%	100%
	Executive management oversight	96%	92%	100%	100%
	Signatory to Global Compact and others	42%	25%	77%	67%
	Formal CSR policy	100%	97%	100%	100%
	Biodiversity	31%	22%	67%	67%
	Working conditions	92%	85%	100%	100%
	Discrimination/ human rights	73%	80%	91%	100%
	Sustainable principles	85%	84%	100%	100%
Disclosure	Sustainability reporting	63%	76%	91%	100%
	External certification	24%	27%	46%	67%
	Disclosure of material risks	58%	58%	71%	100%
	Carbon specific initiatives	65%	63%	82%	100%
	Industry specific initiatives	26%	24%	47%	60%
Sustainability	Corporate reporting on operations' emissions	42%	43%	69%	78%
	Energy	95%	88%	100%	100%
	Water	86%	52%	100%	67%
	Waste	81%	82%	94%	100%
	Packaging	24%	12%	53%	22%
	Products	82%	91%	100%	100%
	Supply chain	41%	38%	48%	72%
	Logistics	36%	23%	92%	33%
	Corporate reporting on logistics' emissions	17%	16%	38%	56%
Stakeholders	Employees	58%	59%	67%	76%
	Customers	9%	11%	16%	23%
	Supply chain	41%	34%	56%	60%
	Community	42%	44%	55%	51%

GOVERNANCE MATTERS...

THE BROAD PICTURE

Governance is about embedding responsible business into core building blocks - management, board structures, policies, goal-setting and strategic decision making. Companies that embrace strong governance practices will be better positioned to manage emerging risks and opportunities.

Board oversight and Executive management oversight

Boards are beginning to understand that to ensure long-term competitiveness it is necessary to understand the responsible business challenges before them. For this expectation, we specifically evaluated whether boards of directors are being delegated this responsibility. A written board committee charter serves two important purposes: it formalises expectations and ensures continuity of commitment to responsible business regardless of board or management turnover.

Management accountability is essential for any company seeking to become a socially responsible business and it must start at the top.

Both board oversight and executive management oversight is noticed in almost all companies. Financial sector tends to be relatively weak on board oversight and executive management oversight.

Signatories to global principles

The UN Global Compact is a strategic policy initiative for businesses that are committed to aligning their operations and strategies with ten universally accepted principles in the areas of human rights, labour, environment and anti-corruption. By doing so, business, as a primary driver of globalisation, can help ensure that markets, commerce, technology and finance advance in ways that benefit economies and societies everywhere. Only about a-third of companies are signatories to the global principles/compacts. The energy and information technology sectors are strong here. Consumer goods, telecom, financials and other industrials tend to be rather weak.

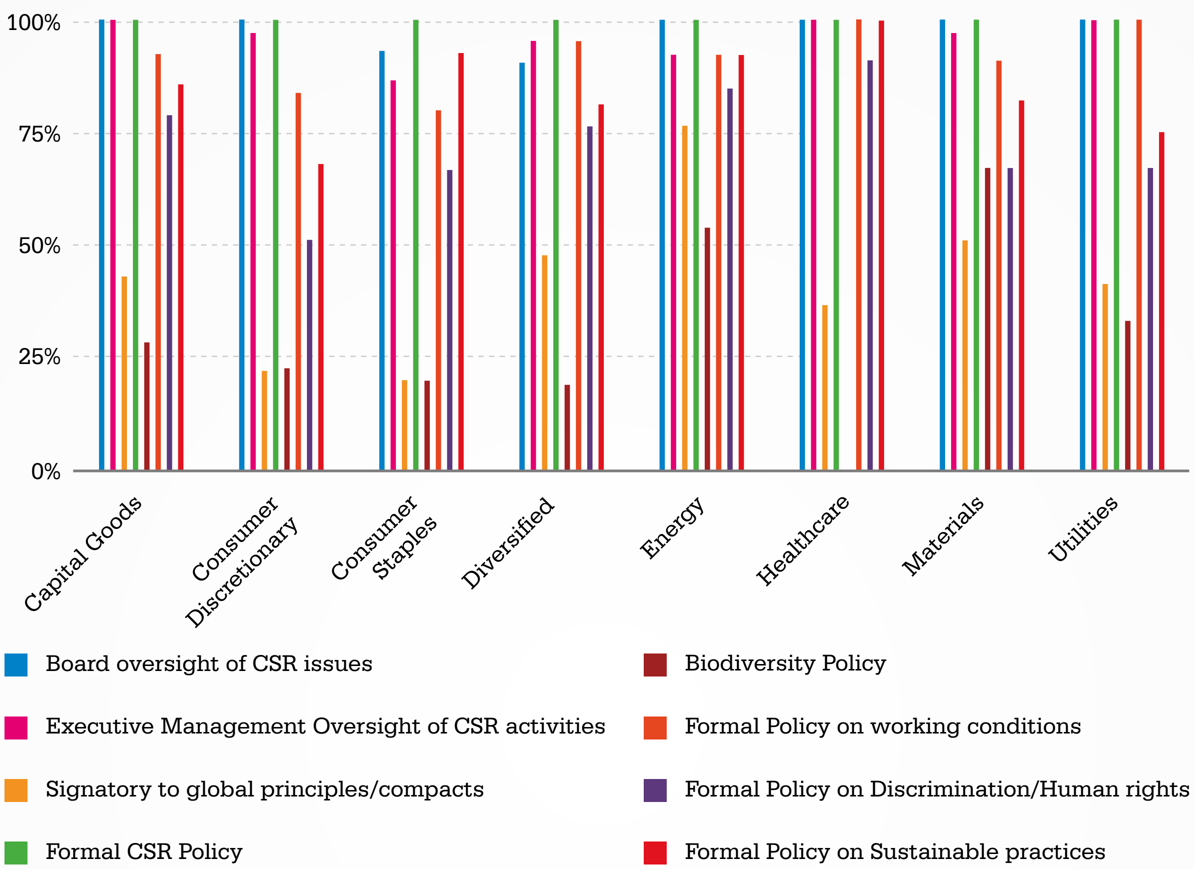
Formal CSR and Sustainability Policies

Almost all companies have formal CSR policies. This is, perhaps, an outcome of the government's mandate to lay down formal policies.

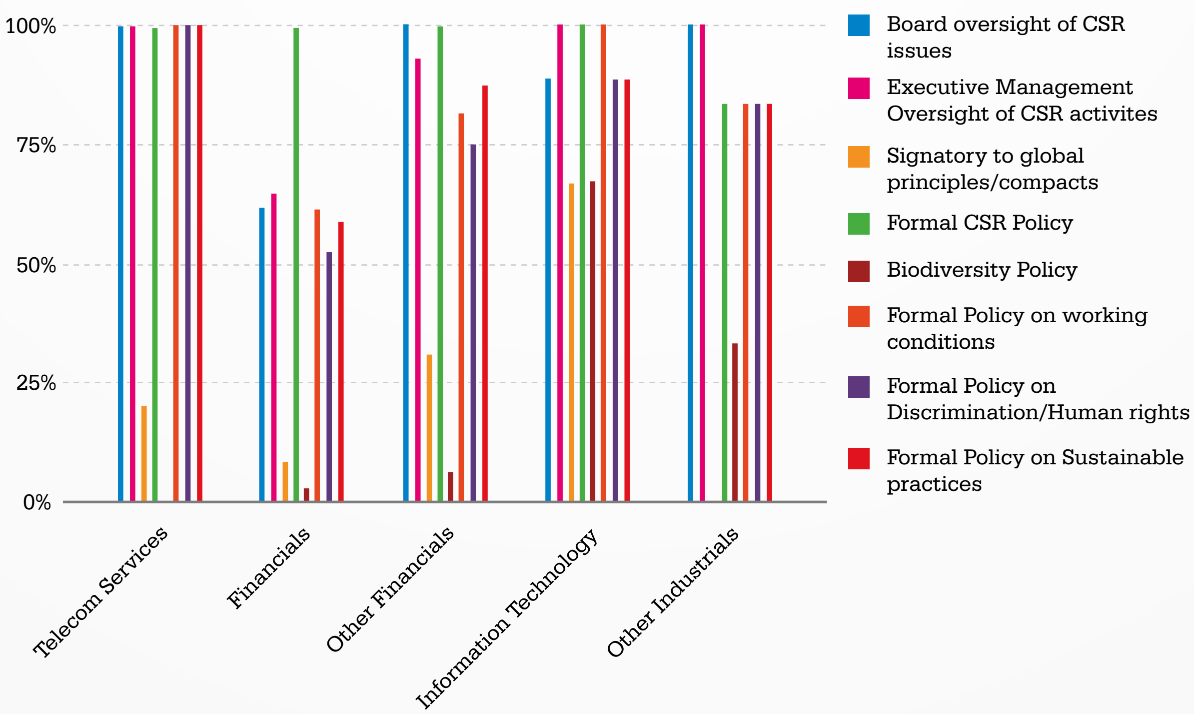
Almost 80% of the companies have formal policies on working conditions, discrimination/human rights and sustainable practices. Less than a-third of the companies have formal policies on biodiversity - indicating that biodiversity tends to be a neglected area. Telecom, healthcare and financial companies are clear laggards.

A greater percentage of manufacturing companies tend to work in these areas as compared to service companies.

Manufacturing: Governance performance



Service: Governance performance



The score of companies on governance has a wide range. Significant portion (62%) of the companies score more than 10 (that is, greater than halfway mark) on Governance. Yet, about a third of the sample scored below 10 with seven companies scoring 3; three companies scoring 4 and eight companies scoring 5 marks, indicating significant scope of improvement. This implies that though governance is taken quite seriously by companies there is significant amount that still remains to be done. Lower ranked companies also tend to have weak governance framework.

Breakdown of Governance scores

Score Range	No of companies
0-5	18
5-10	66
10-15	91
15-20	45
Total	**220**

Breakdown of governance scores by sector and type (average scores)

	Manufacturing	Services	Total
Public	15.4	8.1	11.0
Private	12.0	11.2	11.8
All	12.4	10.0	11.6

Governance is stronger in manufacturing companies relative to service companies. Public sector companies tend to be similar to private sector. Public sector companies in the services sector tend to be the weakest while manufacturing companies in the public sector tend to be the strongest.

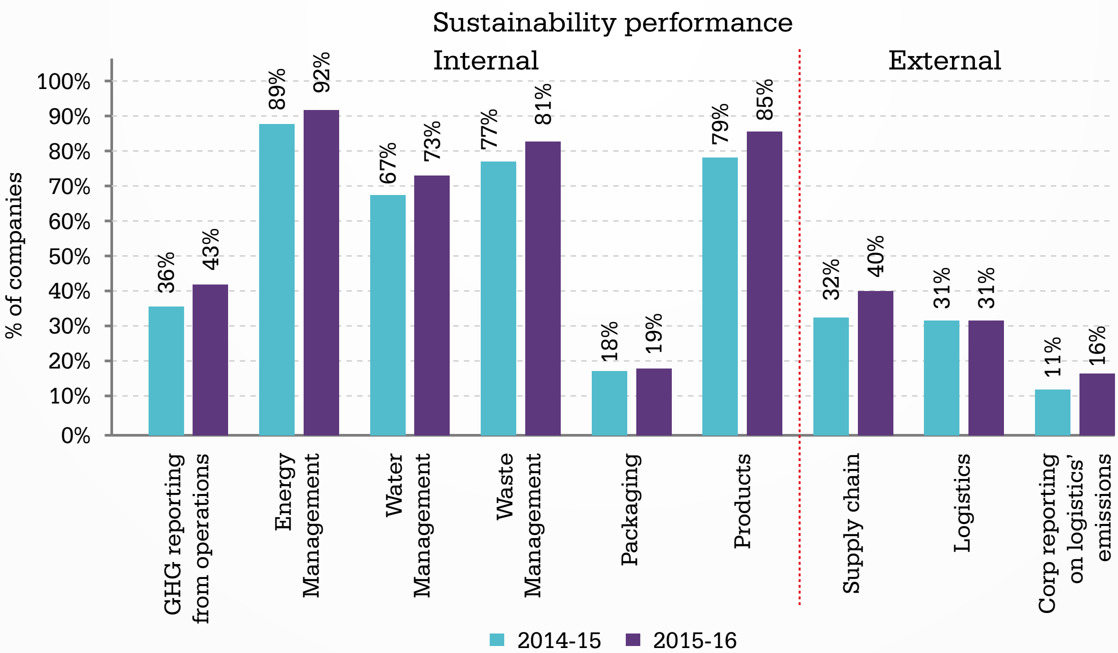
SUSTAINABILITY-INSIGHTS

The Paris Agreement and the Clean India Campaign have set the background for various policy level changes in the past year in three key areas of sustainability - water, energy and waste management. These have implications for other related areas of packaging, supply chain and logistics.

The Government of India (GoI) has set targets for reduction of water consumption and carbon emissions, and increase in share of renewable energy. And the revised Solid Waste Management Rules (including E-waste) incorporate Extended Producer Responsibility. Separately, multiple stakeholder groups are raising awareness, sharing views/critiques and influencing policies to address the impending threats of water scarcity, global warming and burgeoning landfills.

From our study of 220 companies' 2015-16 sustainability reports and annual reports, we find that corporate India too has increased its focus on sustainability and deepened efforts across all sustainability parameters. 47% companies had higher sustainability scores (YOY), 44% remained the same and only 9% witnessed decline.

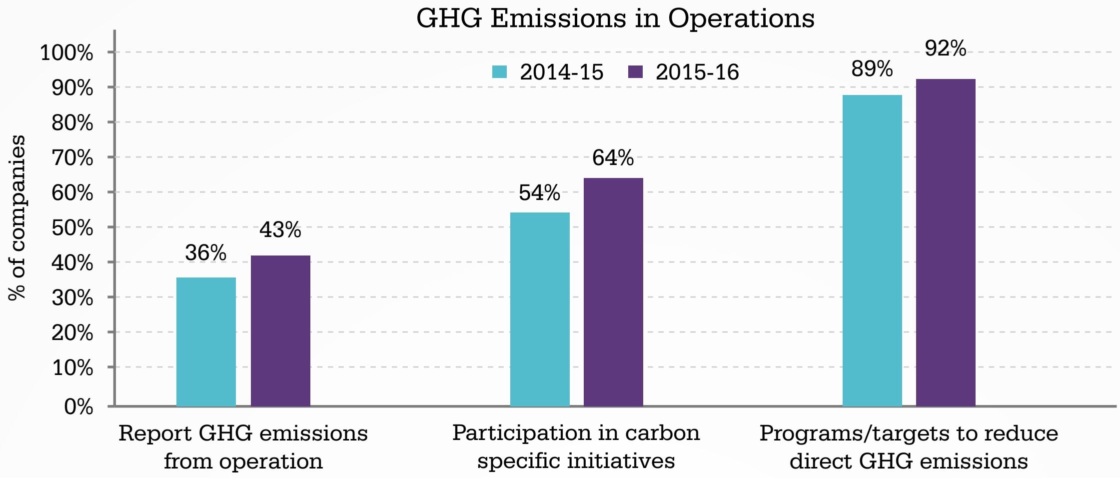
However, we find that the areas which are internal to an organization - energy, water, waste and products – see participation from a much higher proportion of companies (c60% on average), as compared with programs for external stakeholders which are limited to only about a-third of the companies.



GHG EMISSIONS IN OPERATIONS

The reporting on GHG emissions from operations continued to be inadequate with disclosure from only 43% of India's top 220 companies. Interestingly in 2015-16, service companies marginally outperformed manufacturing companies (43% vs. 42%) unlike the previous years where the reverse was true. Emissions' disclosure was high in the IT and Energy sectors at 78% and 69%, respectively.

Across industries, the proportion of companies participating in carbon-specific initiatives was in general higher than those disclosing emissions. Some key carbon-specific initiatives that companies participated in were the CDP (78% IT companies), GHG accounting and inventory (69% Energy companies), Clean Development Mechanism (58% Utilities companies; 54% Energy companies) and carbon-specific financial indices (80% Telecom companies).



92% companies participated in programmes to reduce GHG emissions from operations in the year. These programmes primarily related to energy/power management, use of renewable energy and sustainable/green buildings.

THE MARCH TOWARDS RENEWABLES

The Indian Government is working extensively towards reducing carbon emissions to honor its pledge under the Paris Agreement. In May this year, it cancelled 14 GW of planned coal power projects and targets to have 175 GW (giga watt) of renewable energy capacity by 2022 (including 100 GW of solar power). The government expects nonconventional sources to account for 40% of total generation capacity by 2027, three years ahead of time. Investments have started as NTPC and IREDA, government's funding agency for renewable projects, issued half a billion dollars' worth green Masala bonds in the year.

WATER MANAGEMENT INITIATIVES LIKELY TO GET MORE PUSH

The National Water Mission targets to reduce water consumption by 20% in all sectors by 2030. To achieve this, many policy level initiatives have been taken and higher allocations were made to water based projects in 2017-18 budget. Some policy changes are a) the mandate of zero liquid discharge system for some industries, b) the issuance of the "green order"[1] by the Supreme Court in Feb 2017 , c) reuseof treated water in nearby thermal power plants, and d) the purchase of recycled water by Indian Railways.

In addition to policy changes and its enforcement, Government (both central and state) has taken measures to invest in infrastructure for water and waste water management. Recently, India collaborated with Israel and Hungary on water management technology and has awarded projects to private sectors for setting up of sewage treatment infrastructure to keep the Ganges clean.

Separately, other stakeholder groups have opined about the impending water crisis. Water and legal experts suggest that the government should have separate land rights from water rights. Earlier in the year, Ganges and its main tributary, the Yamuna, were accorded the status of living human entities with human rights by an Indian High Court. According to a report of an expert committee[2] for framing India's future water management policy, industries consuming large amounts of water must calculate and declare their water footprint in their annual reports.

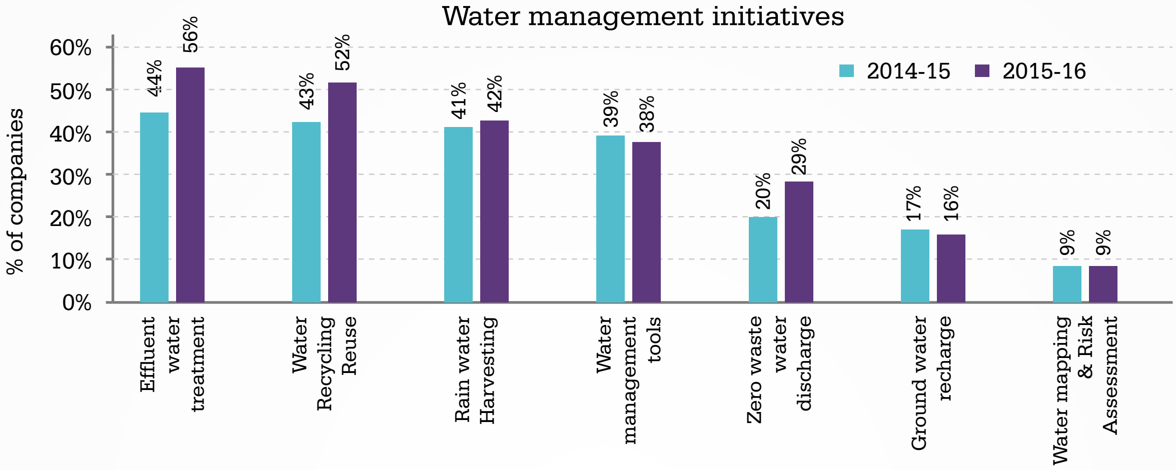
1. In February 2017, Supreme Court came out with a green order, under which all industrial units across the country have to set up effluent treatment plants in working condition within three months. Failure to do so would result in immediate closure

2. Source: http://indianexpress.com/article/explained/how-india-sees-the-coming-crisis-of-water-and-is-preparing-forit-3049950/

They must take steps to progressively bring down this footprint every year, and state this progress in their annual reports. They should, ideally, use only recycled water. Use of groundwater for industrial use must be authorised by government.

We find that 86% manufacturing companies (79% last year) have programmes and targets to reduce water consumption as compared to 52% (47% last year) services companies. Effluent water treatment and water recycling/reuse were the most widely deployed programs as they help reduce fresh water intake. In-line with Government mandate, the proportion of companies having zero wastewater plants too has gone up in the year, as compared to previous year.

In Services industries, IT, Other industrials and Telecom are relatively more active in water management programmes.

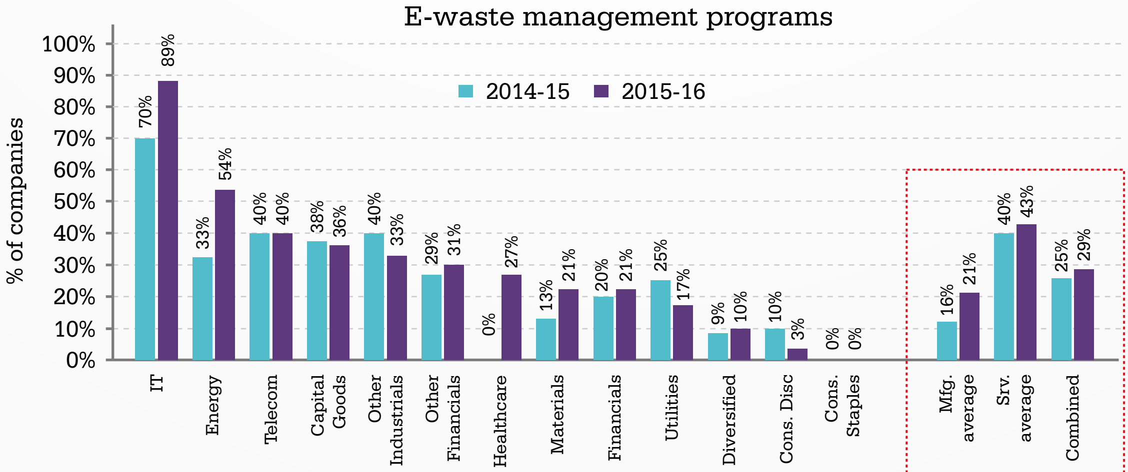


- *Infosys has 149 recharge wells and 25 lakes across its campuses and Wipro, as part of the company's Responsible Water program, aims to create a community centered participatory approach for management of ground water and lakes in the area. This involves developing an understanding of the hydrogeology of the watershed area and specific clusters and community engagement through development of communication materials and advocacy.*

E-WASTE MANAGEMENT

The Government's Clean India program has set specific targets for waste management and primarily encompasses segregation of waste at source. The new/revised waste management rules formed in 2016 - both Solid Waste Management Rules and E-Waste Management Rules – extend the ownership of non-biodegradable waste to their producers. The producers of electrical/electronic goods too have been made responsible for collection of e-waste and its exchange as part of Extended Producer Responsibility in the new E-Waste Rules.

While services firms outpace manufacturing firms in e-waste management initiatives, we find that only few IT companies such as Cisco, extend their e-waste management programmes to customers and spread awareness about the same. Financial services industry lags significantly behind in e-waste management programs despite the rapid digitization of the industry.

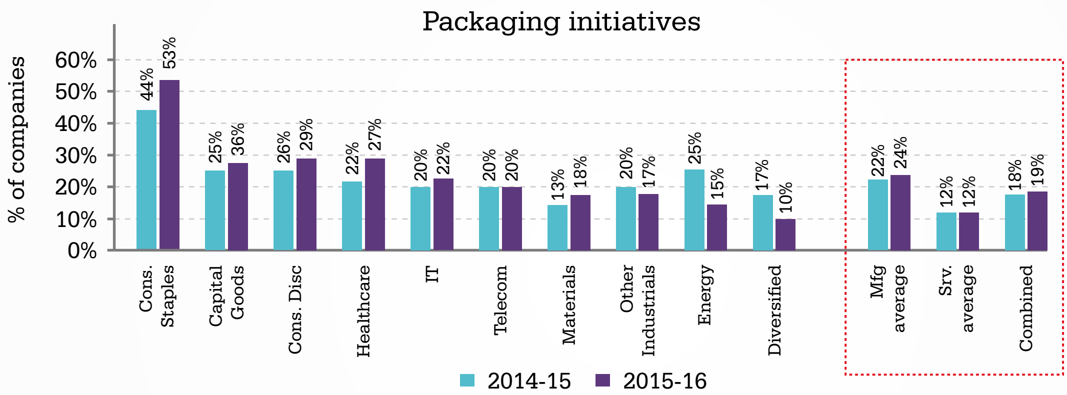


GREEN PACKAGING

The industry's new outlook is towards recyclable plastic packaging given rising environmental concerns over waste management and the revised rules. The revised Plastic Waste Management Rules 2016 mandates the phasing out of manufacture and use of non-recyclable multi-layered plastic in two years' time. The brand owners are required to collect back the non-biodegradable packaging waste generated due to their production. Also, all manufacturers of disposable products such as tin, glass, plastics packaging etc. or brand owners who introduce such products in the markets are required to provide necessary financial assistance to local authorities for the establishment of waste management system.

- *Nestle India, is looking to collaborate with Indian start-ups to make alternatives to PET bottles for packaged drinking water. Their goal is to incorporate more recycled plastics and / or bioplastics made from renewable materials into their packaging. Hindustan Unilever stated in 2015 that it has implemented innovative ways of reducing the resources used for packaging by focusing on using lighter, stronger and better materials that have a lower environmental impact. Unilever aims to move to 100% recyclable plastic packaging by 2025 globally.*

We found that Consumer staples industry leads green packaging initiatives, followed by capital goods and consumer discretionary sectors. Overall, only a few companies (19%) disclosed green packaging initiatives.



In 2015-16, we find that companies are focusing more on using recyclable packaging. Choice of sustainable packaging material too witnessed higher adoption in the year.

	2014-15		2015-16	
	Leading sector (s)	**% of companies**	**Leading sector (s)**	**% of companies**
Choice of packaging material	Capital goods Energy	19% 17%	Capital goods	29%
Reduce size of the package	Consumer Staples	31%	Consumer staples	27%
Redesigning product to reduce packaging	Energy	8%	Consumer staples	27%
Reuse of packaging (e.g. refills)	Energy Cons. Discretionary Capital goods	17% 13% 13%	Cons. Discretionary Healthcare	19% 18%
Recycling	Consumer staples	19%	Consumer staples	40%

SUSTAINABLE PRODUCTS AND SERVICES

Both manufacturing and services companies showed higher commitment to sustainable offering. 85% companies studied disclosed programmes for sustainable products and services in 2015-16, as against 79% in the previous year.

Green products in manufacturing sectors (led by utilities - 100%, consumer staples – 93% and energy - 92%) comprised those that were low on emissions, were energy/fuel efficient, used less raw materials, deployed renewable energy, used hybrid materials, were safe (lead-free, eco-friendly dyes, etc.), enhanced consumer health (fortified packaged food, sulphur-free sugar), and had sustainable manufacturing processes. Some consumer discretionary, diversified and staples companies undertake life cycle assessment (LCA) studies of their products to identify, assess and reduce their environmental footprint.

Service companies (consultancy, IT, etc.) offer sustainable solutions to their customers to help the latter reduce their environmental footprint. Banks (97%) and other financial services companies (69%) offered sustainable finance services by according preference to projects that accrue environmental/social benefit, extending loans at lower rates, and assessing loan applications on environmental and social parameters.

GREEN SUPPLY CHAIN

We find significant improvement in the proportion of companies with programs for supply chain in 2015-16 as compared to previous year. However, the percentage continues to be low for most measures. Interestingly, the average proportion of companies with supply chain programs are comparable between manufacturing and service industries in 2015-16.

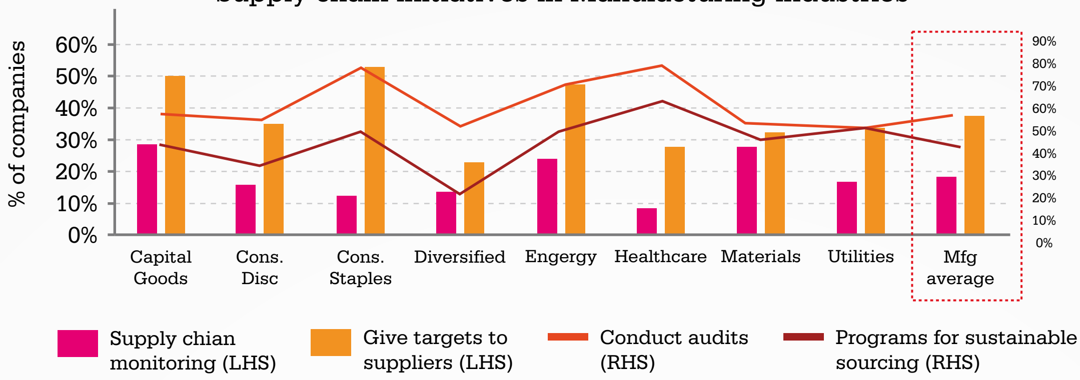
Sustainable sourcing is a key focus for many companies. Consumer staples industry has various industry specific initiatives for this such as Trustea, and Roundtable on Sustainable Palm Oil sourcing (RSPO).

Our study finds that 38% of the manufacturing companies studied give specific targets to their suppliers to reduce their carbon footprint and 43% conduct environmental audits of new suppliers before they are brought on board or conduct ongoing periodic audits of existing suppliers on their environmental impact.

	Manufacturing		Services		Combined	
% companies	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16
Sustainable sourcing	48%	63%	47%	54%	47%	59%
Give sustainable targets to suppliers	34%	38%	30%	38%	32%	38%
Conduct sustainability audits	31%	43%	33%	43%	32%	43%
Supply chain monitoring	21%	19%	8%	17%	16%	18%

Only few top-scoring companies ensure that suppliers meet the same environmental and social standards - including disclosure of goals and performance metrics - as those companies have set for their internal operations. Some also take the initiative to create sustainability awareness and train the employees of suppliers/vendors.

Supply chain initiatives in Manufacturing industries



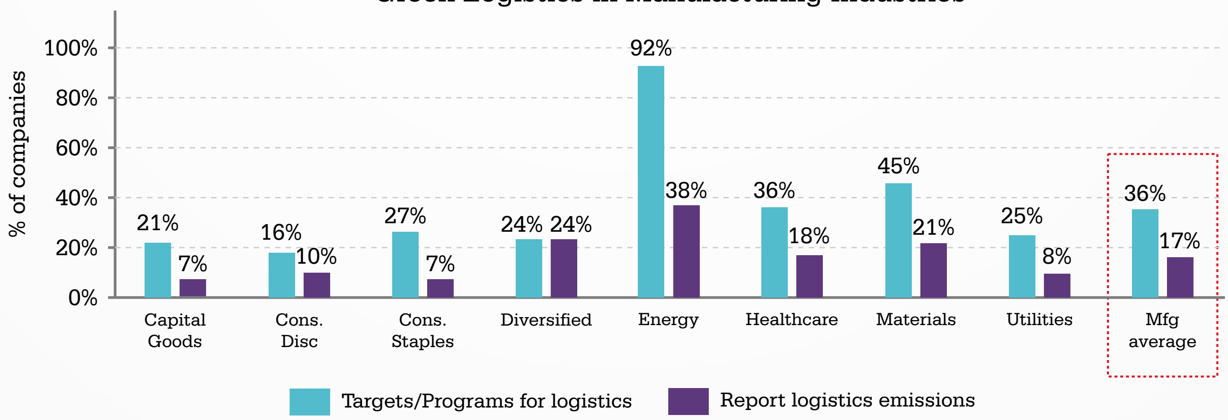
GREEN LOGISTICS

GoI is keen to promote electric vehicles and is set to ban sales of non-electric vehicles by 2030. Separately, the Cabinet approved a MoU between India and Bangladesh for the fairway development along the India-Bangladesh protocol route by undertaking joint dredging. This will expedite the process of using the Brahmaputra and Barak rivers as viable inland water routes. This emerges as the most viable alternative to road transport and the river route is expected to bring down the road transport cost.

31% (same as previous year) of India's top companies have programs for sustainable logistics, though only 16% (11% earlier) of the companies studied disclose information related to emissions from logistics. Industries vary in their approach of green logistics. Energy sector looks at expanding pipelines, auto companies emphasize on vendor hubs, and consumer staples firms try to optimally utilize the space in existing transport to reduce number of trips, and shift load from road to rail. Some metals & mining companies used conveyor system to ferry metals from mines to plants.

- *Ambuja Cements (ACL): As a responsible corporate, ACL uses Over Land Belt Conveyor (OLBC) systems for transportation of limestone from mines to the cement plant stockpile. A seemingly impossible 3.5 km conveyor belt was installed through three hills to not only reduce the distance between the mines and the plant at the Darlaghat in Himachal Pradesh, but also protect the landscape of the region from road transportation traffic and emissions.*
- *Gujarat Gas has 17,000 KM of gas pipeline network.*
- *At JSW Steel, 76% of inward and outward logistics is via rail.*

Green Logistics in Manufacturing Industries



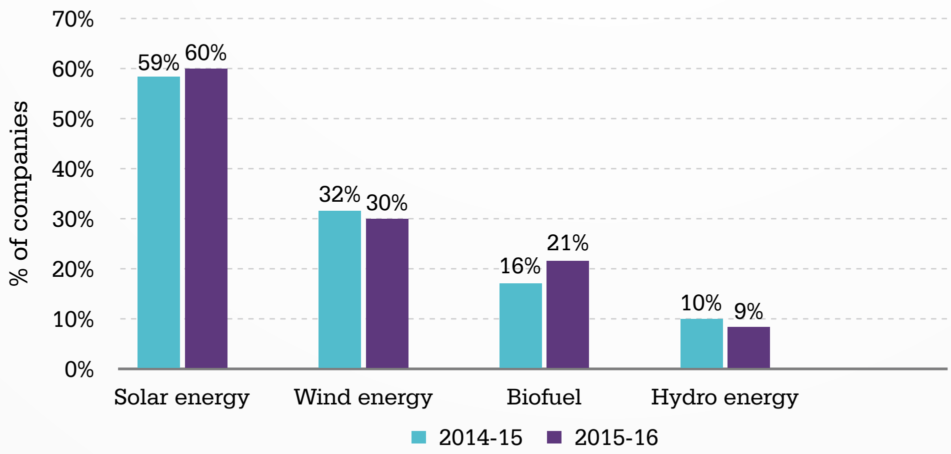
RENEWABLE ENERGY BUILDS MOMENTUM

Our 2016 report mentioned that with the Paris accord in play, companies will need to pitch in a significant manner for the national targets of emission cuts by 33 to 35% to be achieved. The past year has seen significant momentum in this area. Some key trends in this sector are:

SOLAR IS THE MOST WIDELY DEPLOYED RENEWABLE ENERGY SOURCE

Renewable energy, especially solar, continued to be the second most widely used initiative by top Indian companies for managing direct GHG emissions. This is expected to get a significant boost from the decline in solar power prices (almost halved in a year and 18% cheaper than coal fired power rate), slide in solar module[3] prices and the provision of several incentives by government. Earlier in May, the Government launched a project on "Scaling Solar Mini Grids"[4] with the aim to reduce electricity costs and tariffs further in this space.

Solar continues to be the most popular renewable energy



3. Solar tariffs recently dropped to Rs 2.44 per unit for a project in Rajasthan's Bhadla solar park from INR4.34 per unit in Jan 2016. This is 18% lower than the average tariff of Rs 3 per unit for power from NTPC's coal-fired plants.

4. Mini grids refer to an energy distribution network of interconnected electricity generators and storages to supply local consumers directly with energy. The project aims to promote universal energy access by 2025. Through the introduction and promotion of mini grids for harnessing solar power in a time-bound manner, the project will achieve a reduction of electricity costs and tariffs.

- *ONGC is targeting 1.5GW solar power generation by 2030. The company has taken up a research project to convert solar energy directly into grid quality electricity using sterling technology and are acquiring equity stake in solar photo voltaic technology further development.*

a. At the aggregate level, 60% companies studied in 2015-16, deployed solar energy in their operations, followed by 30% companies utilising wind energy.

b. Solar, leads the second most deployed renewable energy source by a wide margin in almost all cases, except Energy and Consumer Staples.

c. Some industries prefer other renewable energy sources too – Utilities (Hydel-power), Cement companies (Waste heat recovery) and Consumer Staples (Biomass). For the latter two, these sources also help them address their waste management.

Top 2 renewable energy sources used (% companies studied)

	2014-15			2015-16		
Industry	**Solar**	**Wind**	**Others**	**Solar**	**Wind**	**Others**
Capital Goods	71%	36%		71%	36%	
Auto	67%	39%		63%	47%	
Cons. Staples	50%		Biofuel: 63%	47%		Biofuel: 53%
Energy	67%	75%		77%	62%	
Healthcare	67%	33%		73%	36%	
Materials	47%	37%		52%	36%	
Utilities	83%	58%	Hydro: 42%	67%	25%	Hydro: 50%
Telecom	100%	40%		100%	40%	
Financials	35%	6%		34%	8%	
IT	70%	20%		78%	33%	

SOLAR INSTALLATIONS SEEM SMALLER IN SCALE COMPARED TO WIND AND HYDRO

Industry	Renewable energy capacity	Solar capacity (captive)	Wind capacity (captive)
Financials & Other financials	66KWp-65.2MW	66KW-62MW	850KW-65.2MW
IT	40KW-12MW	40KW-12MW	NA
Telecom	0.8MW- 4.5MW	0.8MW-4.5MW	NA
Other Industrials	NA CONCOR: 100KWp	NA CONCOR: 100KW	NA
Energy	25KW - 38822MW	25KW-14MW	11.3MW-153MW
Automotive	110KWp-4.2MW	110KW - 2.5MW	NA M&M: 4.2MW
Non-auto consumer discretionary	NA	NA	NA
Capital Goods	10KW- 878MW	10KW-25MW	3.35MW - 8.7MW
Consumer Staples	300KW - 271MW	NA Nestle India: 300KW	NA
Diversified	35KW - 16.5MW	35KW-8.5MW	13.2MW-16.5MW
Healthcare	100KW - 140KW	100KW- 140KW	NA
Materials	100KW - 273.5MW	100KW - 10MW	1.13MW-273.5MW
Utilities	15KW - 3170MW	15KW-51MW	NA Torrent: 338 MW

Apart from solar energy, the Government has expressed the need to expand the use of natural gas as well as domestically process agricultural waste to produce biodiesel. Further, GOI proposes to bring all hydropower projects under the renewable category and extend interest subsidy and hydro power purchase obligation to accelerate growth of hydropower. Separately, the Government is committed to nuclear energy as well to meet its clean energy goals.

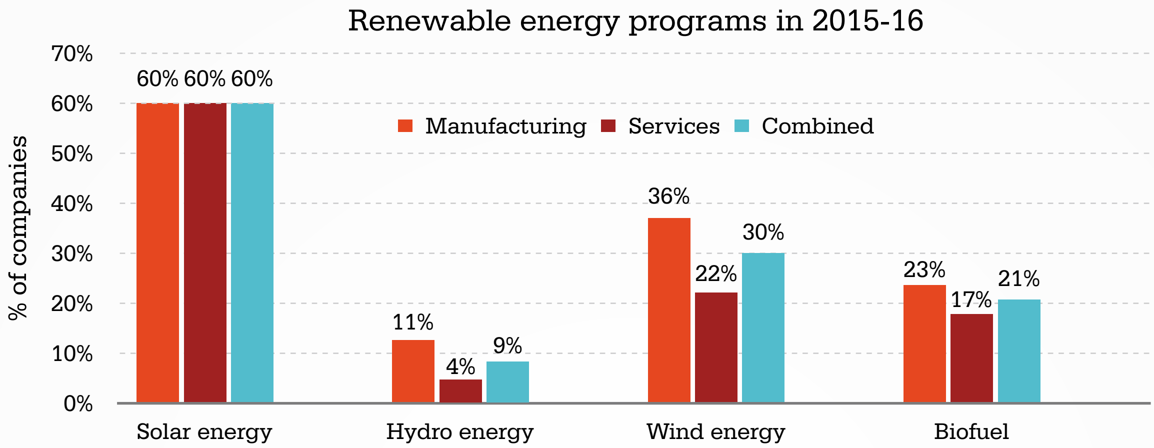
The Telecommunication services sector has the highest proportion of companies with programs for renewable energy - all employ solar energy, though the scale is small. Energy companies place a high emphasis on wind energy projects (62%), along with solar (77%).

- *BPCL formalized renewable energy policy during the year; IOCL has Renewable Energy and Sustainable Development (RE&SD) Group and has formulated a Solar policy. Around 70% utilities companies have solar energy programmes, but the industry leads in hydro-energy projects (50%).*

	Leading sector	% of companies with programs
Solar energy	Telecom	100%
Wind energy	Energy	62%
Biofuel	Consumer Staples	53%
Hydro energy	Utilities	50%

WHILE MANUFACTURING LEADS, SERVICES DO NOT LAG SIGNIFICANTLY

The most common renewable energy project across both manufacturing and services sectors involved solar energy generation. Few services sectors had a commendable proportion of companies with renewable energy plans such as Telecom (60% companies) and IT (56% companies). Financial sector is a laggard with very few banks and NBFCs disclosing renewable energy initiatives.



83% COMPANIES IN UTILITIES INDUSTRY USE TWO OR MORE SOURCES OF RENEWABLE ENERGY.

The number of industries where majority companies deploy two or more renewable energy sources has doubled from four in 2014-15 to eight in 2015-16.

Industry	2014-15	2015-16	Key companies
Capital goods	38%	50%	L&T, GMR Infra
Auto	33%	**63%**	M&M, Tata Motors, JK Tyre, TVS Motor, Tube Investments, Exide, Motherson Sumi
Non-auto cons. Disc	23%	25%	SAB Miller, United Spirits
Cons. Staples	**63%**	**60%**	Dabur, Marico
Diversified	35%	**62%**	ITC
Energy	**67%**	**62%**	BPCL and ONGC, Oil India, HPCL, GAIL
Healthcare	**67%**	**64%**	Glenmark Pharmaceuticals
Materials	43%	**55%**	Ambuja Cements, SAIL, Asian Paints, Tata Chemicals, UltraTech Cements, Hindustan Zinc, Vedanta
Utilities	**58%**	**83%**	Reliance Infra and NTPC
IT	38%	44%	TCS, HCL Technologies, Infosys
Financials	3%	3%	SBI
Telecom	40%	**60%**	Bharti Infratel
Other financials	0%	6%	Mahindra & Mahindra Financial Services, HDFC Ltd, Bajaj Finserv
Other industrials	0%	33%	L&T, GMR Infra

RENEWABLE ENERGY IN SOME KEY INDUSTRIES

Financials: 97% banks and 69% NBFCs reported programs for sustainable finance. As part of this financial services companies a) gave preference to various renewable energy projects and b) had environmental and social policy as part of project appraisal. Listed below are the findings from few financial services companies.

NBFCs	
Bajaj Finance	Finances solar water heaters through EMI schemes across its rural markets
Power Finance	1. Finances green energy sources through PFC Green Energy Limited (wholly owned) **2. Funds renewable equipment manufacturer** 4. Has a healthy composition across wind, solar & small hydro sectors
REC	1. Provides finance at **concessional rates** for Clean & Renewable Energy projects. 2. To boost renewables projects (solar and wind), **REC has rationalized its lending policy** to enable finance for larger renewable projects, increased loan tenure to up to 15 years and brought changes in interest rate policy.
L&T Finance holdings	1. 77% y-o-y growth in disbursements in renewable power in 2015-16 2. Focused mainly on Green-field solar energy projects and refinancing of operational renewable energy 3. **Renewable energy forms 33% of lending portfolio in 2015-16,** up from 27% in 14-15
Srei	17% of total power sector investment is in renewable energy sector
Muthoot Finance	Offers finance to windmill power generation
M&M Financial Services	1. Also provides **loans for more energy-efficient products and machineries, better fuel efficiency vehicles and vehicles based on cleaner fuels like CNG.** 2. Has differential rate of interest for financing of e-vehicles in country which is lower than the normal rates.

Banks	
Vijaya Bank	Finances solar and windmill projects
Punjab National Bank	Finances solar, biogas and windmill projects
State Bank of India	1. In FY2016, SBI accorded **30 new sanctions aggregating a total amount of Rs15,848 crore.** These were made to various sectors such as power (wind, solar, coal, hydro & transmission), Roads & Bridges, Oil & Gas and fertilizers among others. 2. Plans to invest funds in infrastructure sectors such as renewable energy
YES Bank	1. Has **committed to funding 5GW renewable energy projects by 2020** 2. Has funded 1,311 MW of Renewable energy in FY 2015-16 including solar, wind, and biomass
Punjab & Sind Bank	Launched a new scheme on **"Financing of E-Rickshaw under MUDRA Scheme"**
Axis Bank	Rs4277 cr of credit outstanding (1.3% of advances) for sustainable sectors - renewable & clean energy, waste processing and mass rapid transportation
Syndicate Bank	To promote renewable and green energy, the bank has launched a new scheme namely "SyndSolar" for financing Off-Grid Solar Roof Top Systems as a part of Home Improvement loan/Home loan provided by the Bank
IndusInd Bank	Has committed to providing financial assistance to projects totalling to 2,000 MW between 2015-19

Auto

Few OEMs and component manufacturers disclosed programs for products that utilise renewable energy however with the GoI push towards electric vehicles this is fast changing.

- *M&M offers electric car (e2o), and Maruti and Tata Motors have few CNG and CNG-hybrid vehicles, respectively.*
- *Exide Industries: The Company manufactures a) Batteries for storage of solar energy, b) batteries for E-bikes and also supplies batteries for Electric four-wheelers.*

IT

Except Wipro, none of the companies mentioned programs for developing renewable energy based products.

- *Wipro: As a member of the Indo-US joint research program - the Solar Energy Research Institute for India and the United States (SERIIUS), is supporting a long-term program "Design and development of smart micro-grid technologies for large scale decentralized solar power applications in Indian villages - The Zero Energy Village concept".*

Utilities

Renewable energy (excluding hydro) forms a very small percentage of installed generation capacity – between 0.4% and 1% in most cases. The exceptions are Tata Power (7.4%) and Torrent Power (5.5%).

- *Power Grid is setting up Renewable Energy Management Centre (REMC) in seven renewable rich states. This would enable forecasting of renewable resources and efficient management of distributed & intermittent renewable generation ensuring efficient utilization of resources. As part of GoI's endeavour towards Smart City Development, Power Grid is also closely associated with implementation of Smart Grid at Varanasi and Gurgaon. Transmission schemes for 7200 MW Ultra Mega Solar Power Parks are also under implementation in various states as part of Green Energy Corridors-II. Separately, it has been establishing the first grid interactive energy storage pilot projects with different battery technologies.*

Energy

To abide by directives issued by Ministry of Petroleum and Natural Gas and the Auto Fuel Policy guidelines, energy companies engaged in the business of producing/ refining motor spirits are moving towards producing BS IV and BS VI complaint fuels, ethanol bended fuels, biofuels and other eco-friendly fuels. GoI has increased the ethanol in the blended fuel to 10% from the existing 5%, pushing companies to go green.

- *BPCL formalized renewable energy policy during the year, IOCL has Renewable Energy and Sustainable Development (RE&SD) Group and has formulated a Solar policy.*
- *BPCL - 1.05 MWp ground mounted grid interactive Solar Power Plant consists of 1MWp fixed tilt and 0.05 MWp dual axis system comprising 3440 solar panels laid across 5.59 acres of land. The estimated annual power generation would be in excess of 16,00,000 kWh, which roughly averages 4500 units per day to be consumed for all its operational requirements which is expected to make it absolutely power neutral.*
- *ONGC - OTPC is on the biggest CDM project of ONGC, a 726.6 MW combined cycle gas turbine power plant. ONGC is targeting 1.5 GW solar power generation by 2030. The company has taken up a research project to convert solar energy directly into grid quality electricity using sterling technology and are acquiring equity stake in solar photo voltaic technology further development.*
- *IOCL: We have been targeting to increase our renewable energy generation capacity by fourfolds from the current level of 80 MW to 340 MW by the year 2020*

LOGISTICS IN MANUFACTURING SECTOR

36% manufacturing companies had programs to improve environmental impact of logistics. However, almost all of them were about use of rail and sea over road for transport and/or use of car pool or video-conferencing. Only two companies reported use of renewable energy in their logistics.

- *Tata Power uses electric vehicles for internal transport within plant premises.*
- *Adani Ports & Special Economic Zones: The Company has converted all its diesel operated cranes into electric mode; electric bikes in place of petrol bikes, golf cars in place of diesel cars.*

RENEWABLE ENERGY PROGRAMS FOR STAKEHOLDERS

Suppliers:

In 2015-16, 38% companies (32% in 2014-15) had programs and targets for environmental improvement of suppliers and 29% (27% in 2014-15) had sustainability initiatives for their suppliers. The emphasis was more on building environmental awareness and mandating/facilitating compliance with environmental norms and/or reducing emissions. Only a few (mostly Consumer staples) disclosed renewable energy specific programs for their suppliers.

- *HPCL: We also provide loans to dealers for installing solar power systems at their outlets*
- *Coca-Cola: Promote the use of renewables, especially biofuels, across our bottling units*
- *Godrej Consumer Products: We also recommend our suppliers to use renewable sources of energy, wherever possible, in order to become energy independent*
- *Tata Global Beverages: Suppliers shall monitor the usage of energy, including electricity and fuel, and plan for energy efficiency and usage of renewable energy.*
- *Bharti Airtel: Over 3200 solar enabled towers deployed by our infrastructure partners*

Customers

16% companies (9% in 2014-15) had programs for environmental improvement of customers in 2015-16. Environment being a broad theme, we found programs for waste management, and emission awareness. None of the companies had renewable energy specific program for customers.

- *Shriram Transport Finance: Our various initiatives are aimed at influencing our customers for creating awareness about environment protection, reducing impact of emissions from on-road vehicles on the environment.*

Employees

23% companies (15% in 2014-15) conducted sustainability training for their employees but none reported renewable energy being a focus area. However, the programs were mostly around sensitising employees about energy, water and waste management and conservation of the former.

Community

21% companies reported renewable energy projects for community in 2015-16 led by Other industrials (50% companies), Utilities (42%) and Energy (38%) sectors. Most of these were for distribution of solar lamps, and installing street lights. Few companies undertook biogas projects.

- *Power Finance: Impact Assessment study of Project for Supply, Installation and Commissioning of Grid connected Rooftop Solar PV projects of aggregate capacity of 500 kWp in Kalinga Institute of Social Sciences, Bhubaneswar through Indian Institute of Social Welfare And Business Management, Kolkata*
- *IDBI Bank: Supporting TERI's 'Lighting a Billion Lives' program wherein 5000 households in select villages across four states are provided with solar lighting systems.*
- *Idea Cellular: Program for capacity building of rural youth on solar technology*
- *Infosys has undertaken to build 7,620 biogas units in the district of Ramanagara in Karnataka.*
- *Indian Oil is undertaking Waste to Fuel project at Varanasi, UP by installing ten decentralized plants of 5 Tons per day (TPD) capacity each.*
- *Cairn India: To provide household electricity to a Barmer village, a 27 KW mini grid solar power plant was established at Meghwalon Ki Dhani and 500 Solar Home Systems (SHS) were provided in various villages.*
- *BHEL: Initiated a signature project in partnership with IIM Ahmedabad for the Installation of 100 solar water pumps of 5 HP capacity to encourage the use of solar energy by farmers in the villages.*
- *Coca-Cola India Foundation's project JYOTI is a Solar Energy Project in Dungarpur, Rajasthan.*
- *Welspun Corp: Biogas plant for mid-day meals in school kitchen*
- *SAIL supported setting up and operation of 100 KW capacity Solar Power Plant at Jari, Gumla in Jharkhand.*

Other key renewable energy developments in 2015-16

YES Bank signed strategic MoU with Indian Renewable Energy Development Agency (IREDA) at the "Make In India Week", Mumbai, to foster development of Renewable Energy sector in India

Coal India: Green energy Commitment letter to MNRE for developing 1000MW solar power projects between 2014 and 2019.

Asian Paints: RE36 is the flagship initiative that demonstrates its commitment to sourcing clean energy. During the year, the company made substantial investments on sourcing and installation of renewable energy and plans to achieve the target of RE36 by 2020. Electricity from renewable sources as a proportion of total electricity consumption in 2015-16: 7.59%; target: 36% by 2019-20.

Neyveli Lignite: With a view to fulfilling the green energy commitment given to MNRE the Board of Directors accorded in-principle approval for setting up of Solar Power Projects in the States of Tamil Nadu, Andhra Pradesh, Karnataka, Kerala, Telangana, Rajasthan, Puducherry and Andaman & Nicobar Islands. During the year, 10 MW Solar Power Plant and 8 more Wind Turbine Generators (WTGs) of 1.5 MW each were commissioned, totalling to 17 WTGs.

Axis Bank: Is in the process of issuing 'green bonds' with an objective to finance and/ or refinance qualifying green projects and assets in accordance with the Climate Bonds Standard. In the RE-Invest 2015, Axis bank has made green energy commitments of extending finance of Rs100 billion for renewable energy projects equivalent to 2,000 MW installed capacity.

Syndicate Bank: The Bank is presently implementing the scheme to extend finance to Solar Home Lighting Systems and Solar Water Heating Systems with subsidy assistance from Ministry of New and Renewable Energy (MNRE) under Jawaharlal Nehru National Solar Mission (JNNSM).

Jain Irrigation Systems: Progressive investment in renewable energy (state-of-the-art 1.6 MW biogas and 8.5 MW solar power plants) resulted in JISL's manufacturing operations being serviced by captive green energy sources and reduction in greenhouse gas emissions.

Rain Industries: The Company commissioned a 7megawatt ("MW") Waste-Heat Recovery Power Plant ("WHR Power Plant") at its existing Cement Plant in Kurnool, India in September 2016.

Tata Steel conducted trials at the 3 MW Solar Photo-Voltaic Power Plant at Noamundi.

National Fertilizers: The company has planned to set up a 2.4 MW solar power plant at Bathinda Unit.

SAIL commissioned 1 MW Solar Power Plant, at Rourkela Steel Plant. It is connected with the electrical grid system of the State Electricity Board. The solar power plant is the first of its kind and scale in SAIL and will generate solar-electrical power from 3,465 solar photovoltaic panels installed over an area of 4.7 acres in the plant premises. Besides this, 6 nos. of solar water heating systems have also been installed at the Rourkela House and action has been initiated for installation of 90 more such heaters at the Ispat General Hospital. Two nos. of 5 KW capacity Solar Power Packs were installed

Lupin initiated the process of shifting from high Ozone depleting substances being used as refrigerants to less/zero potential refrigerants.

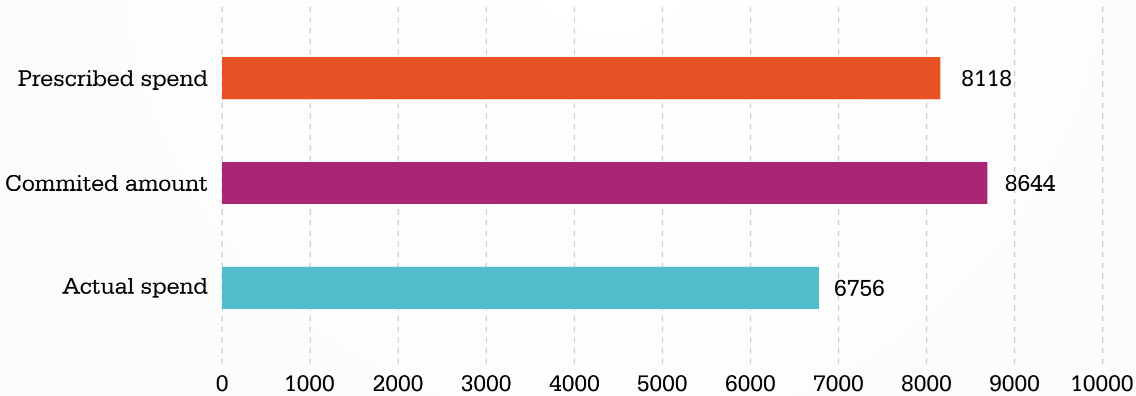
THE SPENDS PICTURE

A popular way of looking at companies' performance on CSR is to see much they spend on CSR. Companies Act 2013 makes it mandatory for companies to spend 2% of their net profits on CSR. However the analysis shows that very few companies are really meeting the 2% norm. This section breaks down CSR spend and provides insights into the spending patterns of India's top companies.

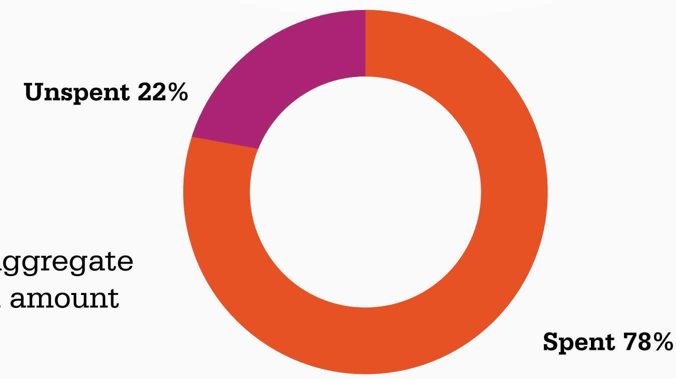
HOW MUCH?

We studied 220 companies, of which CSR spend data was available for 170 companies (173 companies in 2014-15). Data was not available for 10 companies (20 in 2014-15) and we excluded another 34 companies (23 in 2014-15) that had a net loss in the previous three years. Separately, there were six companies (4 in 2014-15) that have not spent anything in the year despite having average net profit; we have excluded these as well from the study. The aggregate prescribed CSR spend for 170 companies, computed as 2% of aggregate average net profit, was Rs8118.3cr (Rs7934.1cr in 2014-15). However, we found that the aggregate funds committed by these companies in their reports was 6.5% higher at Rs8644.3cr (4% higher in 2014-15).

Spend Analysis (Rs. crores)

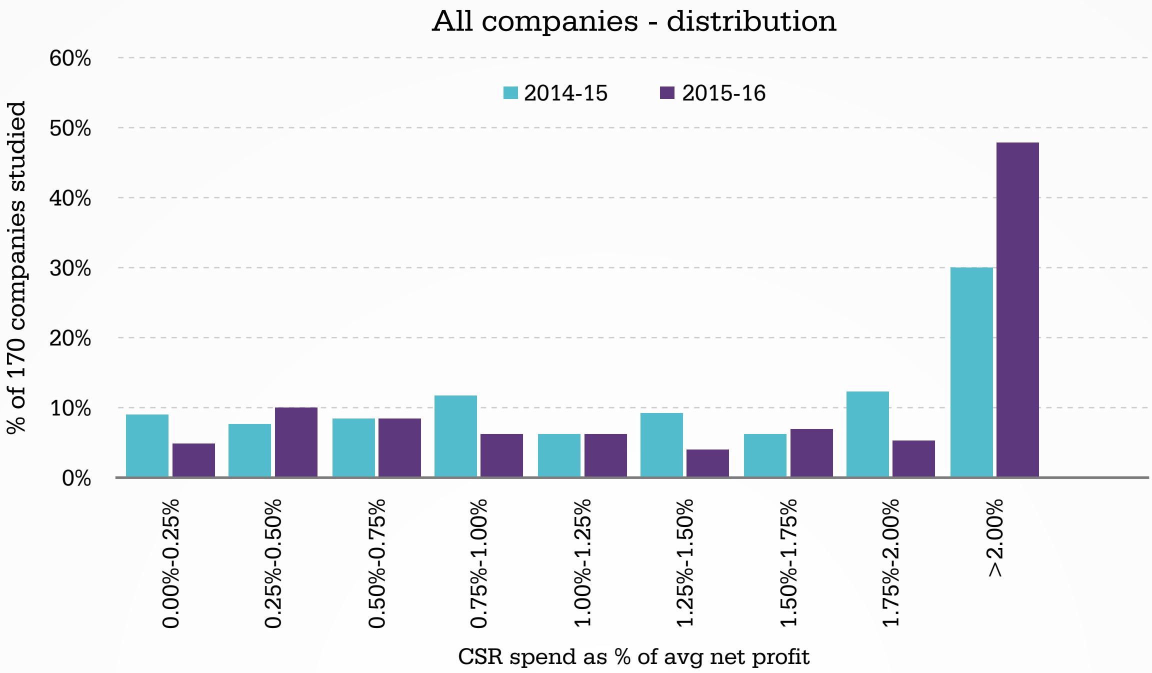


Of the committed funds, 78% was spent in CSR activities in the year (69% last year) and the balance 22% remained unspent at the end of 2015-16. The commonly cited reasons for not spending in the year despite average net profit or for having unspent amount were - liquidity challenges due to losses during the financial year, delay in regulatory clearances, early stages with many initiatives lined up, and commitments made to multi-year projects.



Breakdown of aggregate committed CSR amount

The aggregate CSR spend of 170 companies in 2015-16 was Rs6756.1cr (78% of Rs8644.3cr), with an average spend of Rs39.7cr per company (Rs33.25cr per company in 2014-15). This translated into an average CSR spend as a percentage of average PAT of 1.7% (1.42% in 2014-15), which is lower than the Government mandate of 2% and more, however higher than previous year.



48% companies spent 2% and more in 2015-16 on CSR activities, higher than 32% in 2014-15. Further 24% companies (33% in 2014-15) spent between 1% and 2% of their average PAT. And remaining 28% companies (35% in 2014-15) had a CSR spend of less than 1% of their average PAT.

The top 5 companies in terms of absolute spend and CSR spend as a percentage of average previous three years' PAT are listed below.

Rank	Companies	CSR spend (Rs cr)	Companies	CSR spend/ Average PAT(%)
1	Reliance Industries	651.6	Jubilant Life Sciences Ltd.	11.4%
2	Oil & Natural Gas Corporation Ltd	419.1	Coal India Ltd.	7.4%
3	Tata Consultancy Services Ltd.	294.2	Bombay Burmah Trading Corporation Ltd.	4.1%
4	ITC Ltd.	247.5	Ambuja Cements Ltd.	4.0%
5	NMDC	210.1	Neyveli Lignite Corporation Ltd.	3.7%

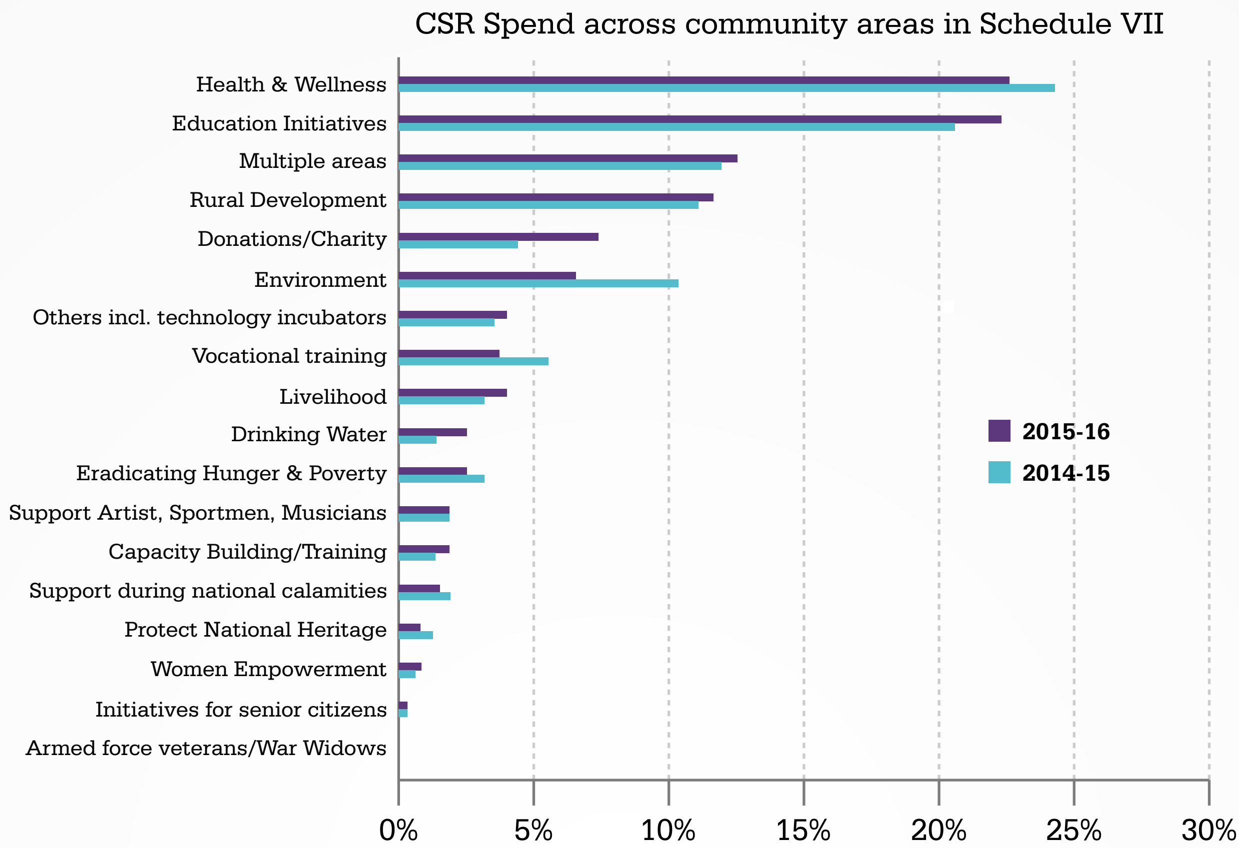
Absolute spend

The top two highest spenders in absolute amount remained the same. Of the top 5 spenders, all continue to be the same, except Infosys, which has moved out of the top 5.

Spend percentage

The top five spenders in percentage terms changed in the year, except Bombay Burmah Trading Corporation Ltd. which has moved from first to third rank in 2015-16 over 2014-15. The top two companies had very high percentage of spend because their reported average net profit has dropped significantly in 2015-16.

If we look at the breakup of CSR spent amount into the various areas listed in Schedule VII, we note that healthcare and education received a significantly higher proportion of spending - together accounting for 45% of total spend in the year. In contrast, other areas such as eradicating hunger and poverty, support during national calamities, etc. received 1% and less of the total spent amount in the year. Overheads stood at 2.3% of aggregate spend.



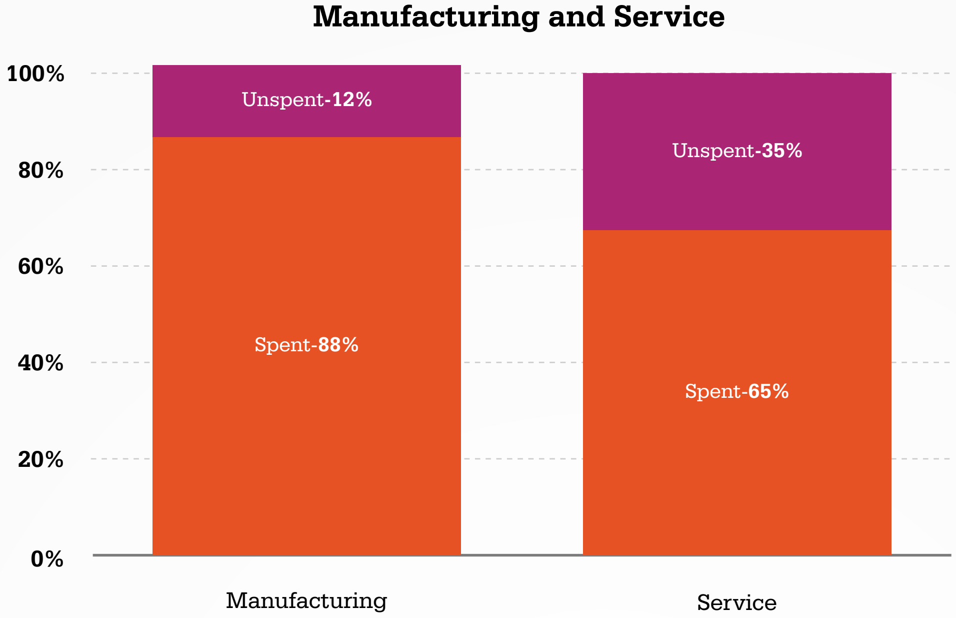
MANUFACTURING VS. SERVICE

The top 5 manufacturing and service companies in terms of percentage spend are as follows:

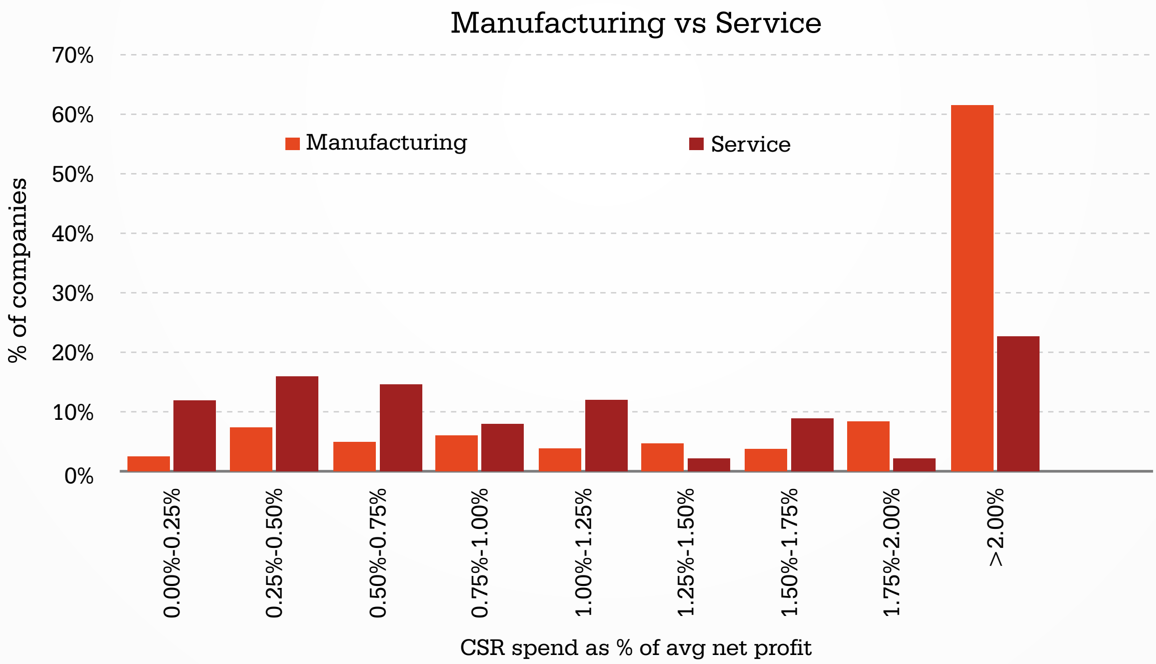
Rank	Manufacturing	CSR spend/ Average PAT(%)	Service	CSR spend/ Average PAT(%)
1	Jubilant Life Sciences Ltd.	11.4%	Power Finance Corporation Ltd.	2.7%
2	Coal India Ltd.	7.4%	Container Corporation of India	2.5%
3	Bombay Burmah Trading Corporation	4.1%	Tech Mahindra Ltd.	2.3%
4	Ambuja Cements Ltd.	4.0%	Jammu & Kashmir Bank Ltd.	2.1%
5	Neyveli Lignite Corporation Ltd.	3.7%	Wipro Ltd.	2.0%

As expected the average spend percentage of manufacturing companies was higher at 2.0% (1.6% in 2014-15) as compared to 1.1% (1.0% in 2014-15) in services. However, there was not much difference between average absolute spend per company - Manufacturing (Rs41.0cr) and Services (Rs37.5cr).

Manufacturing companies spent 88% (78% in 2014-15) of their committed CSR spend in 2015-16. In contrast services companies spent only 65% (56% in 2014-15). This leaves a huge unspent amount for services companies at the end of 2015-16.



The distribution of the spent amount across manufacturing and services companies is quite distinct. 62% manufacturing companies (42% last year) spent more than 2% of their average net profit on CSR activities, unlike services where only 24% (14% in 2014-15) fell in this category. Only 16% manufacturing companies spent up to 1% of average PAT on CSR as compared with 49% services companies (c60% last year).



Both manufacturing and service companies disbursed over 70% of their CSR spend in five community areas. The top five community areas for CSR spend are common between manufacturing and services companies, in almost the same order.

Rank	Manufacturing	% of total spend	Service	% of total spend
1	Health & Wellness	26%	Health & Wellness	19%
2	Education Initiatives	25%	Education Initiatives	19%
3	Rural Development	10%	Rural Development	16%
4	Donation/Charity	8%	Environment	7%
5	Environment	6%	Donation/Charity	6%

PUBLIC vs. PRIVATE

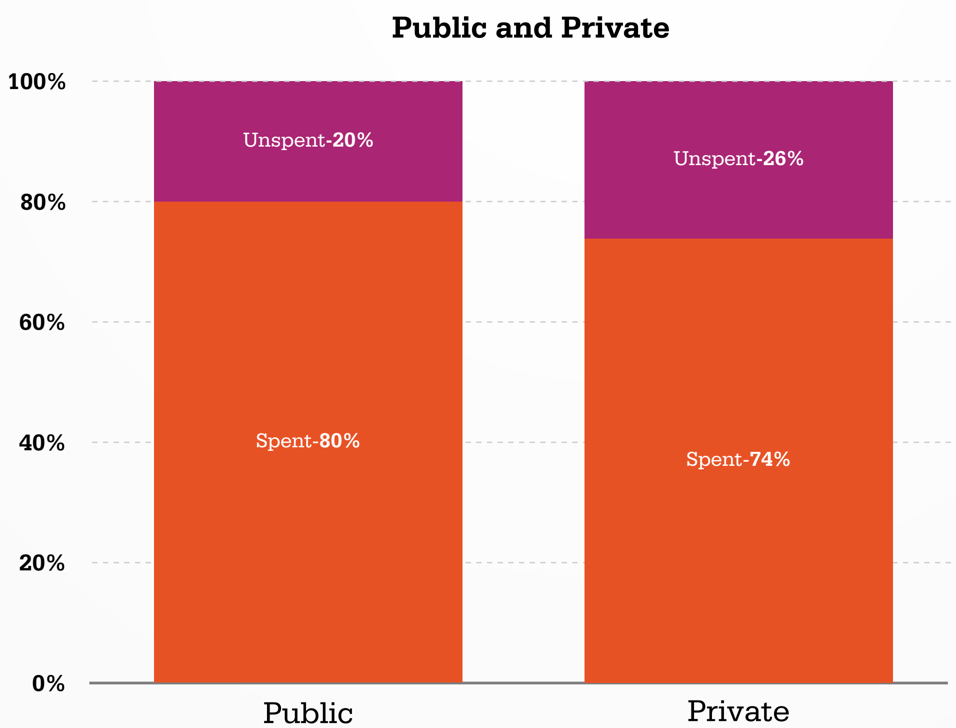
The top 5 public and private spenders in percentage terms are listed below

Rank	Public	CSR spend/ Average PAT(%)	Private	CSR spend/ Average PAT(%)
1	Coal India Ltd.	7.4%	Jubilant Life Sciences Ltd.	11.4%
2	Neyveli Lignite Corporation Ltd.	3.7%	Bombay Burmah Trading Corporation	4.1%
3	Power Finance Corporation Ltd.	2.7%	Ambuja Cements Ltd.	4.0%
4	Steel Authority of India Ltd.	2.7%	NHPC Ltd.	3.4%
5	Hindustan Petroleum Corporation Ltd.	2.7%	UPL Ltd.	2.9%

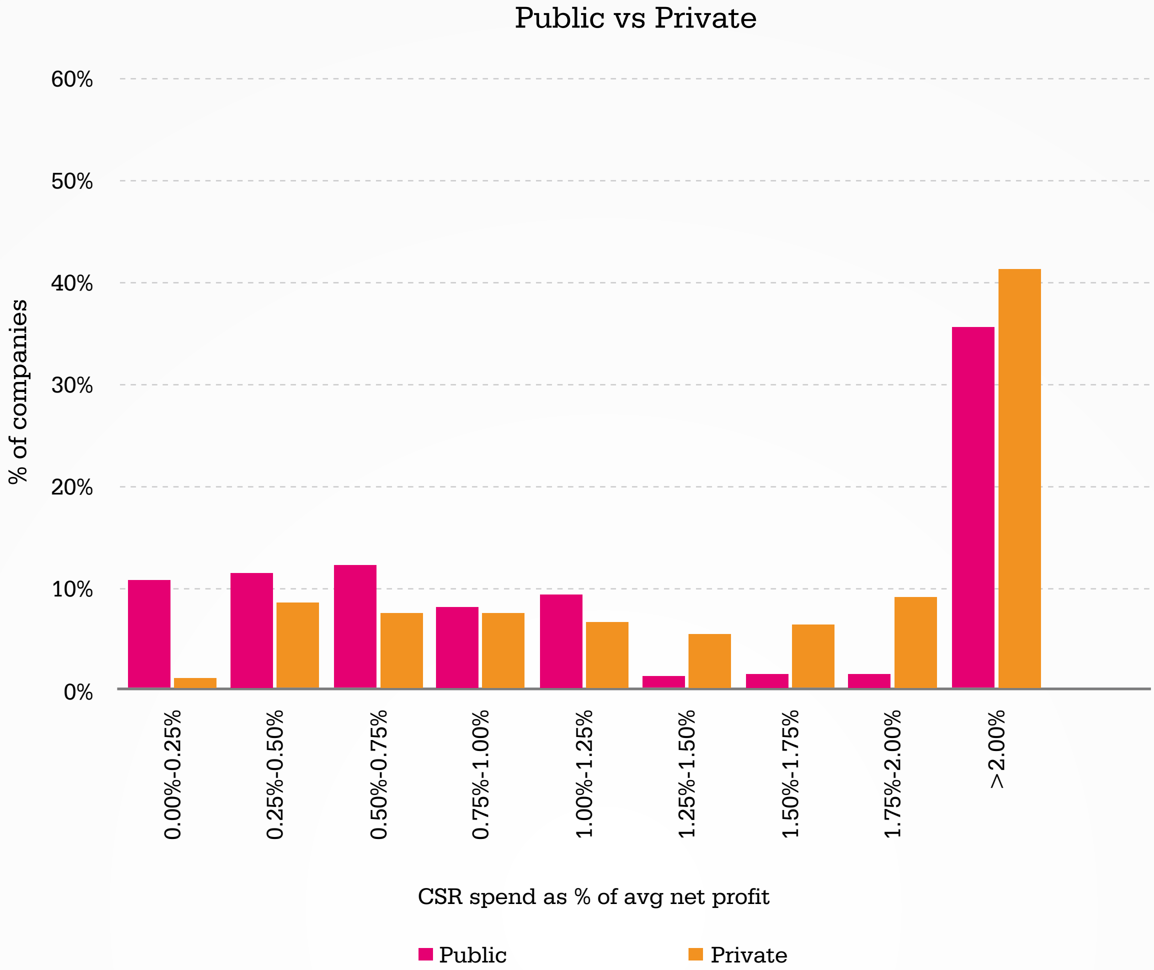
Contrary to popular belief, public sector companies spend lower percentages as compared to private companies. There are far more companies spending more than 2% in the private sector as compared to public sector.

While public companies spent a lower percentage of average PAT (1.4%) on CSR at aggregate level as compared to private companies (1.8%), the average CSR spend per company in rupee terms was much higher for public companies at Rs55.4cr per company (Rs51.3cr in 2014-15) as compared with Rs34.6cr per private company (Rs28cr in 2014-15). The lower average percentage spend for public companies could partially be because, the former comprises many public banks wherein the spend of 2% and more is not mandatory.

Similar to manufacturing, private companies spent 80% of their committed funds in 2015-16 (77% in 2014-15). Interestingly, in 2015-16, public sector companies too have spent 74% of their committed funds, unlike last year where they spent only 59%.



43% public companies spent up to 0.75% of their average PAT on CSR activities. This is in contrast to private companies where 52% of them spent over 2% of their average PAT on CSR.



Private sector companies spent a higher proportion of funds in environment and rural development programs as compared to public companies. Donations/charity received higher allocation from public sector companies.

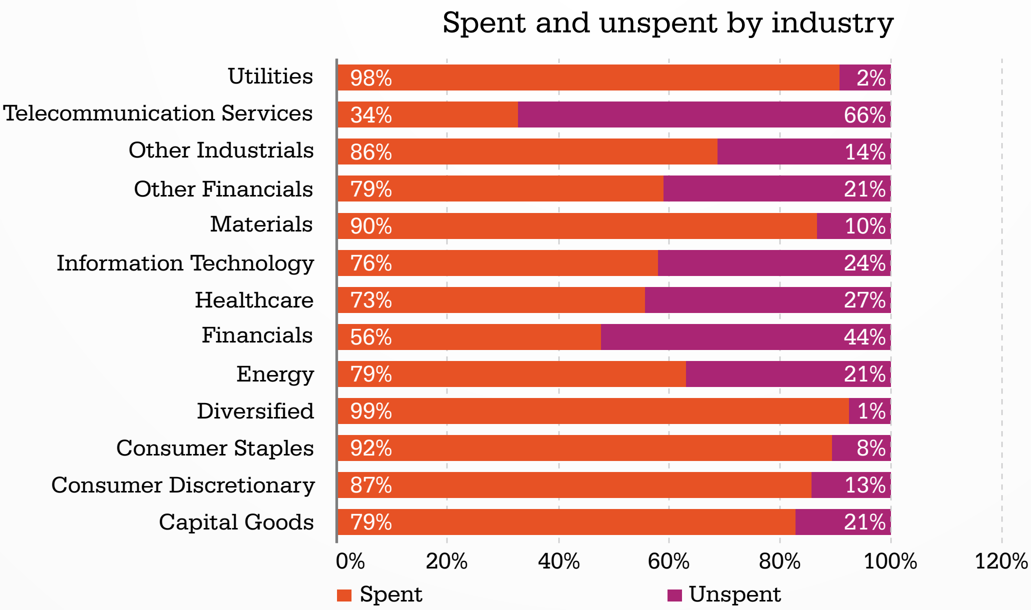
	Private	% of total spend	Public	% of total spend
1	Education Initiatives	24%	Health & Wellness	26%
2	Health & Wellness	22%	Education Initiatives	22%
3	Rural Development	14%	Donations/charity	13%
4	Environment	7%	Rural Development	7%
5	Donations/Charity	5%	Environment	6%

By industry

Healthcare industry led the industries with the highest average spend as a percentage of net profit at 2.6%. It was followed by three other industries - materials, diversified and utilities - which also spent over 2% of their average net profit at industry level. Financial companies continued to be laggards, spending the least.

Industry	Average CSR spend as % of net profit	Top spender (% terms)
Healthcare	2.6%	Jubilant Life Sciences Ltd.
Materials	2.3%	Coal India Ltd.
Diversified	2.1%	Bombay Burmah Trading Corporation Ltd.
Utilities	2.0%	NHPC Ltd.
Consumer Staples	1.8%	Tata Global Beverages Ltd.
Capital Goods	1.8%	Larsen & Toubro
Other Industrials	1.7%	Container Corporation of India Ltd.
Information Technology	1.6%	Tech Mahindra Ltd.
Consumer Discretionary	1.6%	Tube Investments of India Ltd.
Other Financials	1.5%	Power Finance Corporation Ltd.
Energy	1.5%	Hindustan Petroleum Corporation Ltd.
Telecommunication Services	1.2%	Tata Communications Ltd.
Financials	0.8%	Jammu & Kashmir Bank Ltd.
All companies	1.7%	

The break-up of spent and unspent CSR amount across industries reveals interesting results. On one hand, Telecom services sector spent only 34% of committed funds, and on the other Diversified and Utilities sector had only 1-2% of committed amount as unspent.

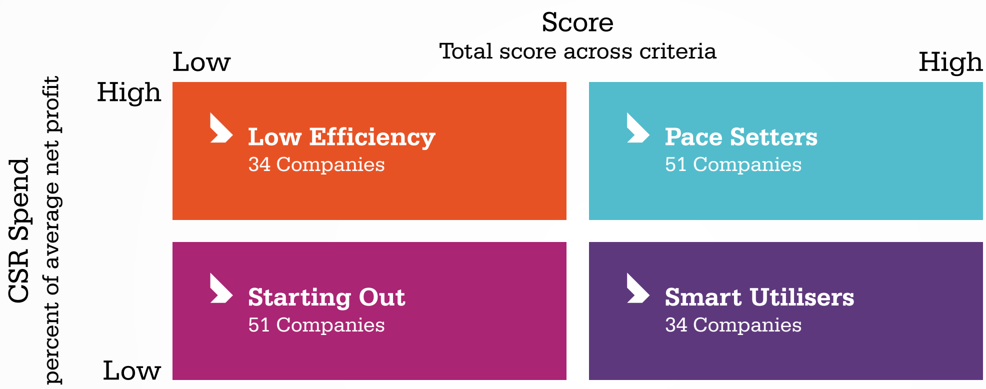


We analyzed the breakup of an industry's CSR spend across community areas and have listed below the top two areas in terms of percentage spend. In all cases the top two/three areas have together accounted for more than 50% of that industry's CSR spend allocation. While Education and healthcare related initiatives received the lion's share in most industries, there were some exceptions. For instance, Consumer staples companies spent 32% on livelihood projects, and Energy and Financials companies spent most on rural development.

Industry	Education	Health & Wellness	Livelihood	Environment	Donations	Rural Development
Capital Goods	28%				27%	
Consumer Discretionary	42%	13%				
Consumer Staples		31%	32%			
Diversified	29%	35%				
Energy	24%	18%				28%
Financials	10%	10%				37%
Healthcare	24%	47%				
IT	27%				19%	8%
Materials	19%	24%				16%
Other financials	12%	46%				
Other industrials	35%	18%		19%		
Telecom	49%	32%				
Utilities	24%	44%				

SPREAD + SPEND = RESPONSIBILITY MATRIX

Companies spend money on responsible business activities. This results in measurable performance. For this report, we track the money spent against performance. We categorise companies in four quadrants - pace setters, smart utilisers, low efficiency and starting out. We divide the scores (representing performance) as high and low by using the median score as a cut-off. Similarly, we divide the CSR spend as high and low by using the median spend percentage as a cut-off. This yields the 2X2 matrix depicted below.

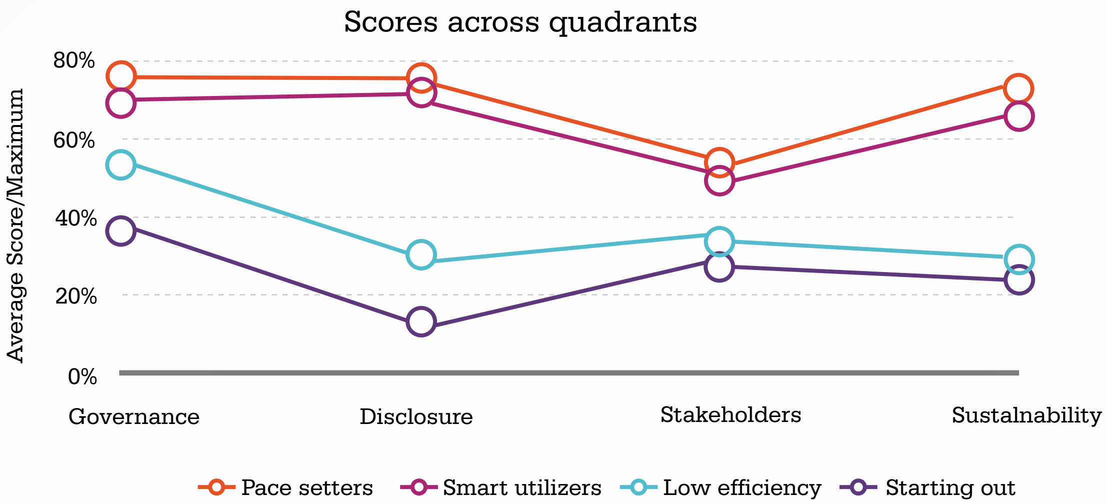


- **Pace setters:** These are companies that spend relatively large amounts on CSR and have relatively high responsible business scores. The average scores as well as CSR spending as percentage of PAT for this quadrant was consistently above overall average across all key parameters. This trend was evident in all the key industries in the quadrant. 51 companies fall in this category.
- **Smart utilisers:** These companies spend relatively less on CSR but have higher scores. 34 companies fall in this category.
- **Low efficiency:** These companies spend a relatively larger amount on CSR but have relatively low responsible business scores. Possibly they have not yet realised the benefits of their investment. An alternative explanation could be that these companies are inefficient. 34 companies fall in this category.
- **Starting out:** These companies spend relatively less on CSR and also have lower responsible business scores. The average scores for the quadrant were least across all key parameters and spend on CSR activities too was low at 0.8%. 51 companies fall in this category.

Average scores and spend in the four quadrants are:

	Pace setters	Smart utilizers	Low efficiency	Starting out
Average Spend	2.6%	1.2%	2.2%	0.8%
Average Score	69.2	66.7	34.3	27.9

Across quadrants we find that companies perform best on governance and tend to perform relatively weak on disclosure. Pace setters tend to score more on all factors. The scores are least bunched for firms that are starting out implying weak attempts at responsible business. Firms that are starting out tend to perform poorly on sustainability - they still haven't got their sustainability piece together let alone a CSR focus. Their disclosures are also a cause for concern. Smart utilisers tend to perform fairly well on all counts except stakeholders. Low efficiency firms tend to perform relatively below par on all parameters.



Industries that dominate each of these quadrants are:

Quadrant	Key Industries
Pace setters	Materials
Smart utilisers	Financials
Low efficiency	Consumer Discretionary
Starting out	Financials

We look at responsible business scores of companies across industries.

Industry	Pace setters	Smart utilizers	Low efficiency	Starting out
Energy	76.0	74.3		27.3
Diversified	70.0	57.0	30.0	21.0
Consumer Discretionary	69.0	57.0	33.0	20.9
Financials		62.8	26.0	27.1
Materials	70.4	83.3	34.7	22.0
Telecommunication Services	56.0	64.0		47.0
Capital Goods	67.7	65.7	28.0	
Information Technology	73.5	78.7	18.0	24.0
Utilities	69.0	66.0	39.5	23.0
Other Industrials	58.5	70.0		44.0
Other Financials	61.5	61.0	36.4	35.5
Consumer Staples	70.5	61.5	44.7	32.0
Healthcare	65.0	60.7	37.7	46.5

We can see that the top and bottom performers are as follows:

	Key Community spend areas	Bottom performer
Pace setters	Energy	Telecommunication services
Smart utilisers	Materials	Diversified, Consumer Discretionary
Low efficiency	Utilities	Information Technology
Starting out	Telecommunication services, Healthcare	Consumer discretionary, Diversified

Similarly we look at spend percentages

	Pace setters	Smart utilizers	Low efficiency	Starting out
Energy	2.3%	1.4%		0.4%
Diversified	2.3%	1.8%	2.5%	0.3%
Consumer Discretionary	2.1%	1.0%	2.1%	0.9%
Financials		1.0%	2.1%	0.6%
Materials	2.8%	1.4%	2.6%	0.9%
Telecommunication Services	2.0%	0.6%		1.6%
Capital Goods	2.1%	1.1%	2.1%	
Information Technology	2.2%	1.1%	2.0%	1.8%
Utilities	2.6%	1.9%	2.0%	0.6%
Other Industrials	2.2%	1.5%		0.9%
Other Financials	2.0%	0.6%	2.1%	1.0%
Consumer Staples	2.1%	1.5%	2.0%	0.4%
Healthcare	6.7%	1.5%	2.0%	1.2%

We can see that the top and bottom performers are as follows:

	Top Performer	Bottom performer
Pace setters	Healthcare	Telecommunication services, Other financials
Smart utilisers	Utilities, Diversified	Telecommunication services, Other financials
Low efficiency	Materials, Diversified	Consumer Staples, Information technology
Starting out	Information technology	Diversified

BUSINESS RESPONSIBILITY OVER THE YEARS

It was in 2014 that we brought out our first study. This is the fourth edition of the study and it is now a time look back. When we looked around studies, reports and awards on CSR and sustainability we notice that most of them were centred around spending money on these activities by companies. We also notice that much of the focus was on CSR. We took an early decision that we didn't want to go down the beaten path. So, we devised this study with the twin objectives of:

- Shift from CSR-centric studies to focus on responsible business activities of companies
- Measuring performance of the companies on these activities

We initially started with a significant focus on CSR performance (measured through stakeholder criteria). We listened to your feedback and revisited the weights assigned to the four criteria. In 2016, we undertook a Delphi study to gauge companies and academics views on what the weights should be giving us a more robust sense of how the weights across the criteria should be distributed.

We have also fine-tuned our study as we went along by increasing the sample size, improving definitions of items, re-grouping items, adjusting weights etc till we stabilised significantly.

Over years, companies have improved their communication practices by publishing BRR and sustainability reports where none were being reported. This enables us to more accurately evaluate their performance. Also, new entrants to the sample often change the complexion of the scoring patterns.

Keeping in mind that there are challenges to the historical patterns traced in our study, we look at the patterns to give the readers a sense of how responsible business in India has evolved.

SIGNIFICANT IMPROVEMENTS IN SCORE ACROSS THE YEARS

Since the weights of each of the four criteria have changed over years, we recalibrate the scores in earlier years to the current weights. Thus, if stakeholder had a score of 18.6 in 2013 and the weight assigned was 50%, we revised the current weights by $\frac{30}{50} \times 18.6 = 11.1$. With the caveat, that this adjustment may not accurately reflect the underlying situation, we notice that over time, on average, companies have improved marginally on governance; improved marginally on disclosure; the stakeholder scores have fluctuated but not changed much; and sustainability is one area where there has been a marked improvement across years. We have also noticed that the top-third companies tend to score much better than the remaining two-third; manufacturing companies beat service companies; and, private companies beat public companies.

Year	Sample	Governance	Disclosure	Stakeholders	Sustainability	Overall
2013 weights	113	20%	10%	50%	20%	
2013 scores	113	9.9	3.9	18.6	7.5	39.9
Revised scores	113	9.9	5.9	11.1	13.1	
2014 weights	214	20%	10%	35%	35%	
2014 scores	214	9.9	3.8	13.3	13.6	40.4
Revised scores	214	9.9	5.7	11.4	13.6	
2015 weights	217	20%	15%	30%	35%	
2015 scores	217	11.0	5.2	11.5	14.6	42.4
2016 weights	220	20%	15%	30%	35%	
2016 scores	220	11.6	6.6	12.6	16.5	47.3

INCREASED SPENDING

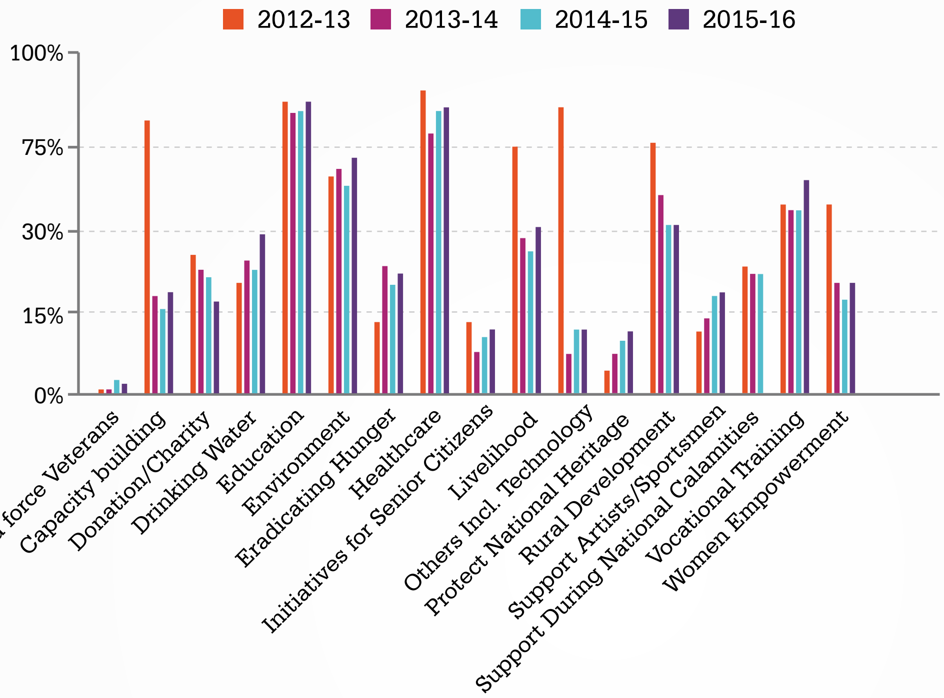
Companies started reporting their spend on CSR from 2014 and the degree of presentation of this information has improved over the years. We observe that companies have increased their average spend percentage considerably across years. Also greater proportion of companies are spending more than 2%. This gives us a sense that the regulation mandating spending 2% of profits on CSR activities seems to be working; even though more than half the companies still do not comply.

Year	2013	2014	2015	2016
Sample size	74	147	173	170
Overall spend as %age of profits	1.0%	1.3%	1.4%	1.7%
Greater than or equal to 2%	12%	18%	32%	48%

BREAKDOWN BY SPENDING AREAS

The government also lists the areas where the companies are required to undertake the CSR activities. The bulk of the companies are active in the areas of education, health, vocational training, rural development and livelihood. We also notice that there appears to be a realignment in the activities where companies operate. It keeps shifting across years but the bulk of companies continue to focus on the areas where they are most comfortable. Interestingly, donation/charity has shown a declining trend.

Breakdown by Community categories



THE RESPONSIBLE MATRIX

Since we realised that spending alone was not a criterion for the success of a responsible business, we delved deeper to untangle the relationship between spending and the scores that a company received. This was the responsibility matrix - deriving the relationship between spending and performance (Governance, Disclosure, Stakeholders and Sustainability). Pace setters scored high but also spent more. Smart utilisers got the maximum bang for their buck. Low efficiency spent a lot but scored relatively poorly. Starting out were just finding their feet. They spent less and also scored less. Over the four year, we find that across quadrant companies are both spending more as well as scoring more. This is really heartening that corporate India is focussing more on responsible business. India needs more pace setters and smart utilisers to take it to the next frontier.

CSR Score
Total score across criteria

CSR Spend
percent of average net profit

CSR Spend \ CSR Score	Low	High
High	**Low Efficiency** Avg Spend %, Avg Score 2012-13 2.22%, 39.6 2013-14 1.80%, 34.9 2014-15 2.14%, 27.4 2015-16 2.18%, 34.3	**Pace Setters** Avg Spend %, Avg Score 2012-13 1.64%, 60.2 2013-14 2.30%, 67.1 2014-15 2.09%, 65.1 2015-16 2.57%, 69.2
Low	**Starting Out** Avg Spend %, Avg Score 2012-13 0.28%, 31.2 2013-14 0.30%, 25.4 2014-15 0.57%, 23.9 2015-16 0.77%, 27.9	**Smart Utilisers** Avg Spend %, Avg Score 2012-13 0.25%, 54.7 2013-14 0.80%, 61.4 2014-15 0.93%, 63.5 2015-16 1.20%, 66.7

ANNEXURES

COMPANY RANKS 2017

1	Tata Chemicals Ltd.
2	Tata Steel Ltd.
3	Tata Power Company Ltd.
4	Shree Cements Ltd.
5	Tata Motors Ltd.
6	UltraTech Cement Ltd.
7	Mahindra & Mahindra Ltd.
8	ACC Ltd.
9	Ambuja Cements Ltd.
10	ITC Ltd.
11	Coca-Cola India Pvt. Ltd.
12	Bharat Petroleum Corporation Ltd.
13	Infosys Ltd.
14	Cisco Systems India Pvt. Ltd.
15	Reliance Industries Ltd.
16	Larsen & Toubro Ltd.
17	Indian Oil Corporation Ltd.
18	Hindustan Unilever Ltd.
19	HCL Technologies Ltd.
20	Hindustan Zinc Ltd.
21	Steel Authority of India (SAIL) Ltd.
22	GAIL (India) Ltd.
23	Oil And Natural Gas Corporation Ltd.
24	Vedanta Ltd.
25	Jubilant Life Sciences Ltd.

26	JSW Steel Ltd.
27	Hindustan Petroleum Corporation Ltd.
28	Toyota Kirloskar Motor India
29	YES Bank Ltd.
30	Hindustan Construction Company Ltd.
31	Wipro Ltd.
32	Tata Consultancy Services Ltd.
33	Maruti Suzuki India Ltd.
34	Dr. Reddy's Laboratories Ltd.
35	Adani Power Ltd.
36	Dabur India Ltd.
37	Tech Mahindra Ltd.
38	Cummins India
39	Apollo Tyres Ltd.
40	HDFC Bank Ltd.
41	NMDC Ltd.
42	Nestle India Ltd.
43	Jindal Steel & Power Ltd.
44	Chambal Fertilisers & Chemicals Ltd.
45	Axis Bank Ltd.
46	Reliance Infrastructure Ltd.
47	Bharat Heavy Electricals Ltd.
48	Oil India Ltd.
49	Godrej Consumer Products Ltd.
50	IndusInd Bank Ltd.

51	Mahindra & Mahindra Financial Services Ltd.	76	GMR Infrastructure Ltd.
52	Jain Irrigation Systems Ltd.	77	Mangalore Refinery and Petrochemicals Ltd.
53	Power Grid Corporation of India Ltd.	78	Chennai Petroleum Corporation Ltd.
54	Siemens Ltd.	79	United Spirits Ltd.
55	Rashtriya Chemicals & Fertilizers Ltd.	80	State Bank of India
56	Adani Ports & Special Economic Zone Ltd.	81	Tata Communications Ltd.
57	Bajaj Auto Ltd.	82	Rural Electrification Corporation Ltd.
58	NTPC Ltd.	83	Aditya Birla Nuvo Ltd.
59	Hindalco Industries Ltd.	84	Welspun Corp Ltd.
60	Asian Paints Ltd.	85	Lupin Ltd.
61	Dalmia Bharat Group	86	Union Bank of India
62	Bharat Electronics Ltd.	87	Kotak Mahindra Bank Ltd.
63	Idea Cellular Ltd.	88	Jaiprakash Associates Ltd.
64	Bharti Airtel Ltd.	89	Marico Ltd.
65	Bosch Ltd.	90	Glenmark Pharmaceuticals Ltd.
66	Cairn India Ltd.	91	NHPC Ltd.
67	Tata Global Beverages Ltd.	92	Eicher Motors Ltd.
68	ABB India Ltd.	93	Sun Pharmaceutical Industries Ltd.
69	Titan Company Ltd.	94	Reliance Communications Ltd.
70	Coal India Ltd.	95	Punjab National Bank
71	Hero MotoCorp Ltd.	96	Grasim Industries Ltd.
72	National Aluminium Company Ltd.	97	Bharat Forge Ltd.
73	IDFC Ltd.	98	Apollo Hospitals Enterprise Ltd.
74	Havells India Ltd.	99	Neyveli Lignite Corporation Ltd.
75	Godrej Industries Ltd.	100	Exide Industries Ltd.

ENERGY SECTOR

The Government of India has set a target to achieve 175 GW installed capacity by 2022. This includes 60 GW from wind power, 100 GW from solar power, 10 GW from biomass power and 5 GW from small hydro power. 33 solar parks in 20 states with a capacity of 20,000 MW are envisaged.

The Government has also amended the National Tariff Policy in Jan, 2016 to achieve the objectives of UDAY with the focus on 4Es: Electricity for all, Efficiency to ensure affordable tariffs, Environment for a sustainable future, Ease of doing business to attract investments and ensure financial viability. Some of the salient features include installation of smart meters enabling "time of day" and net metering, creation of transmission lines across India, RPO of 8% from solar energy by 2022, Renewable Generation Obligation for developers of new coal based thermal projects, promotion of hydro projects through long term PPAs with exemption from competitive bidding till 2022, pass through for any change in domestic duties, levies, cess and taxes in competitive bid projects and clarity on tariff setting authority in multi-state sale.

The ambitious target of 5 million tons of oil equivalent (MTOE) for Oil CPSEs has encouraged the Oil CPSEs to undertake various initiatives for Renewable Energy in the areas of Solar and Wind Energy projects and under Non-Conventional Energy projects on Coal Bed Methane, Basin-Centered Gas, and Under Ground Coal Gasification

Mechanisms are being devised for utilizing Renewable Energy sources with special thrust on development of solar energy. A Rs38000 cr Green Energy Corridor is planned to strengthen the transmission of Renewable Energy. The Green Energy Corridor project would enable the grid stability by way of evacuating Renewable Power from the generation points to load centres with creation of additional and adequate transmission capacity.

MATERIALITY ISSUES

Sustainability reporting is a growing trend amongst India's top companies. Some reports follow international standards for responsible business reporting such as the Global Reporting Initiative (GRI), many others don't really adhere to any set norm. Either way, our ongoing research has revealed that most talk about a company's success in implementing responsible business activities. Some though also talk about things that may have no context to responsible business.

GRI mandates a disclosure of material topics for a reporting organization. It should include those topics that have a direct or indirect impact on an organization's ability to create, preserve or erode economic, environmental and social value for itself, its stakeholders and society at large.

The key elements of materiality are the ones that

- impact the organisation
- preserve or erode the company's economic or social value
- and are measurable

Materiality issues are mostly context and industry specific. We have taken a close look at materiality issues this year and the tables below indicate the key issues by industry. A coloured cell indicates the presence of a theme. Text in a cell indicates that a particular activity is prominent.

	Capital Goods	Consumer Discretionary	Consumer Staples	Diversified	Energy
Waste					
Water					
Energy					
Safety	Employee/ Customer safety	Customer/Product safety/Road safety	Customer safety		Employee/ Customer safety/ Oil spill management
Biodiversity					
Responsible marketing					
Packaging & Labeling	Packaging				
Sustainable sourcing					
Sustainable products					
Supply chain & Logistics			Logistics		

	Healthcare	Materials	Utilities	Financials	IT	Telecom
Waste						
Water						
Energy						
Safety	Customer safety	Employee safety				Customer safety
Land						
Digital Inclusion						
Biodiversity						
Responsible marketing						
Packaging & Labeling		Labeling				
Sustainable sourcing						
Sustainable products						
Supply chain & Logistics	Logistics				Logistics	
Financial inclusion						
Data security & privacy						

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