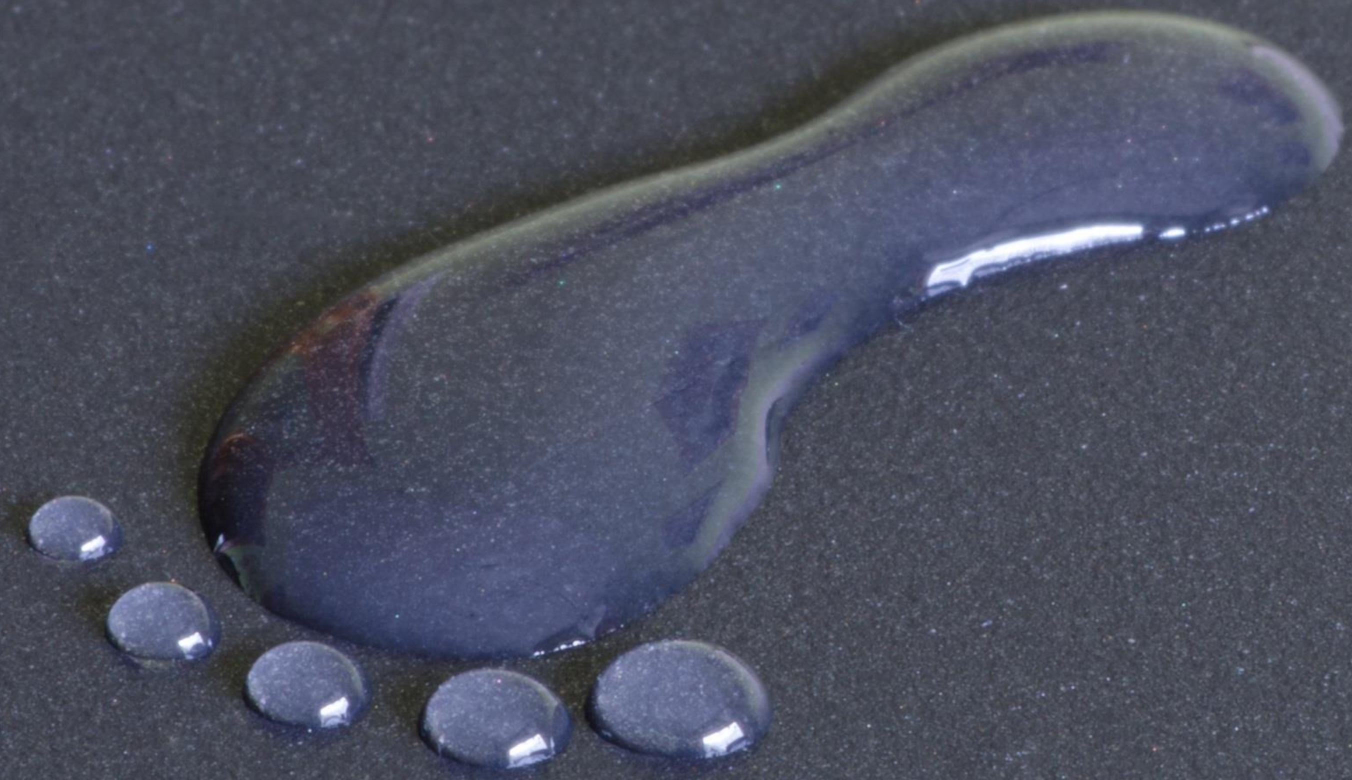
# The Emerging Landscape of ESG Action in Indian Businesses and Their Supply Chains

Perspectives of Investors, Businesses and Institutions



SUSTAINABLE BUSINESS LEADERSHIP FORUM

2013 Working group members

cKinetics Accelerating Sustainability

IIPC IMPACT INVESTING POLICY COLLABORATIVE

giz Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH

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Policy lead

IICA Indian Institute of Corporate Affairs

## Industry Working Group on Sustainability Disclosure and Reporting

In 2013 the Indian Institute of Corporate Affairs (Policy Lead), cKinetics, Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), and the Impact Investment Policy Collaborative (in association with the Initiative for Responsible Investment at Harvard University) convened a working group to facilitate a conversation about the expectations, concerns, challenges and realities surrounding ESG measurement/management/disclosure in the Indian market and identify how existing institutions can be leveraged to drive the adoption of E&S measurement and disclosure in India.

The working group examined (i) how businesses currently approach the management of ESG issues (from an operational and financial perspective), (ii) how prepared are businesses to respond to increasing demands for greater disclosure (from policymakers and investors), (iii) investor outlook on ESG disclosure amongst Indian businesses, and (iv) steps needed to coordinate actions between existing institutions to increase the prevalence of impact disclosure from businesses in India.

## Members of the Working Group

**Impact Investing Policy Collaborative (IIPC)**
Convened by InSight at Pacific Community Ventures, in partnership with IRI at Harvard University, IIPC has a global membership which strives to grow impact investing markets by building a global network for policy research and innovation.

**GIZ**
Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH is a German federally-owned international cooperation enterprise for sustainable development which operates worldwide. It has been operating in India for over 50 years and led several initiatives. Since 2008 it has been working in a bilateral co-operation project i.e. IICA-GIZ Business Responsibility Initiative whose aim is to enable widespread adoption of responsible practices by companies in India.

**cKinetics**
cKinetics is a specialized Sustainability advisory firm that works with investors and businesses. It has a practice focused on Investments and Sustainability Finance that, among other topics, works to deploy capital based on Environmental and Social (E&S) measures and create an impact going beyond a pure financial return.

**Policy lead**
**Indian Institute of Corporate Affairs (IICA)**
Established by the Ministry of Corporate Affairs (India), Indian Institute of Corporate Affairs (IICA) is a think tank and capacity building institution with an eye on the future to provide a platform for dialogue, interaction and partnership between governments, corporate, investors, civil society, professionals, academicians and other stake holders.

More about the working group at:
http://SBLF.SustainabilityOutlook.in/about-the-forum/sustainability-disclosure-and-reporting

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# Executive Summary on the Landscape of ESG Action

Influenced by global dialogues and stimulated by the Indian policy makers, the Indian business diaspora has been, for the past few years, increasingly engaging in conversation and action on management and measurement of Environmental, Social and Governance (ESG) parameters. This shift in focus towards non-financial metrics comes amidst an increasing demand from global customers and investors for ESG disclosure along with the launch of the National Voluntary Guidelines for Social, Environmental and Economic Responsibilities of Businesses (NVG-SEE) which is applicable for all Indian businesses. In 2012, the Securities and Exchange Board of India (SEBI) mandated the filing of an annual Business Responsibility Report (BRR), which focuses on ESG performance, for the 100 largest publicly traded firms.

This landscape report is the first of its kind in India and has been undertaken by the Sustainable Business Leadership Forum to answer:

- How prepared are Indian businesses and their supply chains to adopt ESG management systems and sustainability disclosure and reporting practices?
- What are the drivers and opportunities perceived by businesses for ESG management and disclosure?
- What the investor perspective on gaining ESG information from businesses? What kind of ESG disclosures are investors most interested in and what's the impact on investment evaluation?
- What are the steps needed to coordinate actions between existing institutions to increase the prevalence of impact disclosure from businesses in India?

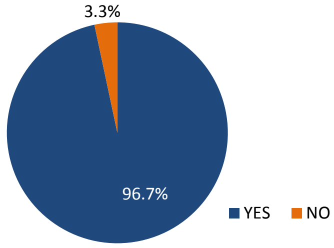
This report is the product of a study which spanned three sectors: (a) Pharmaceuticals and Chemicals, (b) Automotive and Automotive Ancillary and (c) Fast Moving Consumer Goods (FMCG): Food/Agriculture/Consumer Products.

| Emerging ESG Action Landscape of 2013 | ESG Outlook for 2014 |
|---|---|
| • ESG disclosure is becoming more prevalent as an outcome of the NVG-SEE and the SEBI (Securities and Exchange Board of India) mandate for ESG disclosure by the 100 largest listed firms.<br><br>• ESG Management (not to be confused with ESG disclosure) is prevalent among the companies surveyed.<br><br>• Brand image is a key driver for ESG disclosure; as a result, larger Indian companies invest in systems and processes to track ESG performance.<br><br>• For firms outside the largest 200 (listed and unlisted), there is an apprehension surrounding any disclosure beyond what is mandated by law.<br><br>• Despite interest among equity investors in ESG information from businesses, there is a lack of communication between the two about that need.<br><br>• Existing voluntary institutional disclosure systems (GRI, CDP, NVG-SEE, etc.) are not seen as relevant to investors who want disclosure to be comparable, metric driven, timely, accessible and material.<br><br>• Some of the largest companies in India have started engaging with their supply chain to obtain ESG data. | • Quality of ESG disclosure from the 100 largest listed companies and State Owned Enterprises is likely to improve significantly.<br><br>• Increased awareness of ESG management and disclosure strategies among businesses outside the top 100. Driven largely by a desire to differentiate their firm and prepare for a future mandate that is likely to extend the BRR (Business Responsibility Report) requirement to more listed companies.<br><br>• Presence of formal BRR will refine the conversation and differentiate ESG from CSR (i.e. philanthropy). It is likely that ESG and Sustainability will become a core tenet of how many businesses operate.<br><br>• Greater clarity on BRR (and ESG reporting) will emerge as technical guidance documents are generated by the Ministry of Corporate Affairs and Indian Institute of Corporate Affairs on BRR. Simultaneously, voluntary disclosure institutions are likely to develop linkage documents.<br><br>• Equity investors will increasingly engage with businesses as information emerges. Lenders are unlikely to be a driving force for ESG disclosure, though will still drive ESG management.<br><br>• Businesses will work with suppliers to develop management strategies aimed at mitigating supply chain risk and disruption. Smaller businesses will increasingly adopt enhanced disclosure (labor, land, resource consumption, etc.) in response to this demand. |

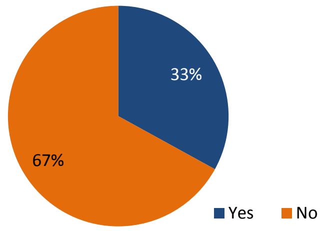
**High levels of ESG management→low disclosure among Indian businesses**

The landscape study revealed that the *prevalence of ESG Management Systems was HIGH* amongst Indian businesses as was *supplier engagement*. However, while firms indicated their activity in measuring and managing ESG issues, their *public disclosure of ESG data remained LOW*.

**Does your organization have system(s) for managing ESG issues in its day-to-day operations?**




**% of Respondents publishing Sustainability Reports (outside of top 100 listed businesses)**

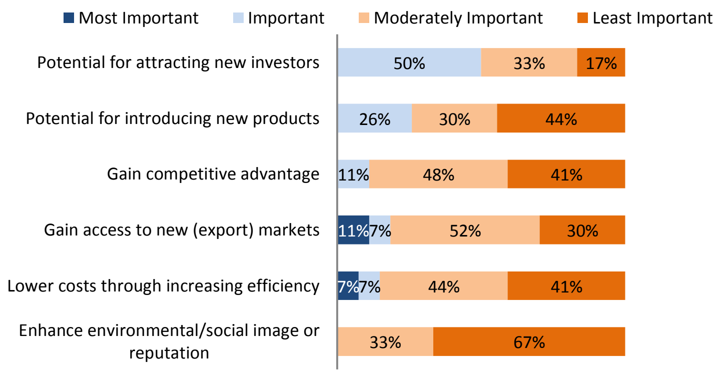



**Opportunities, Risks and Drivers of ESG management and disclosure**

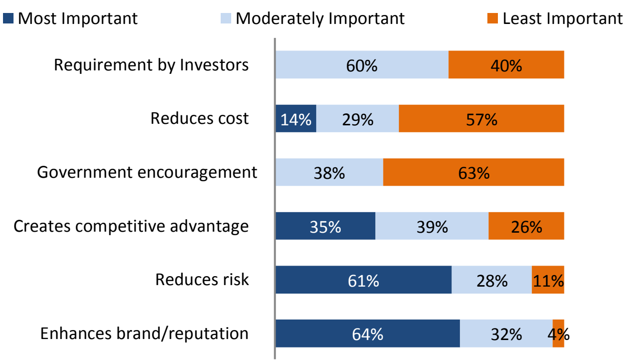
Across the target sectors, *gaining access to new (export) markets* and *gaining competitive advantage* ranked high among the opportunities firms perceived from ESG management.

*Reducing operational risk, enhancing brand/reputation* and *creating competitive advantage were identified as* the primary drivers behind their firm's decision to implement ESG management systems. *Company policy* and *maintaining high levels of quality* followed by *brand/reputation* were cited as the central reasons for businesses to engage with their suppliers.

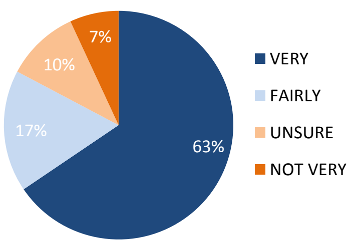
**Opportunities for organizations presented by ESG**




**Reasons for organizations to have ESG management systems**




**How important is compliance in driving E&S disclosure?**




Several issues such as risk mitigation, compliance and customer/buyer requirements were identified by firms as drivers to adopt ESG disclosure. However, compliance was perceived to be the most significant incentive driving public disclosure of ESG data among Indian firms. The business case for ESG management appears to be commonly understood by firms; however, there is a distinct lack of a coherent business case for ESG Disclosure.

**Perceived roadblocks for enhanced public ESG disclosure**

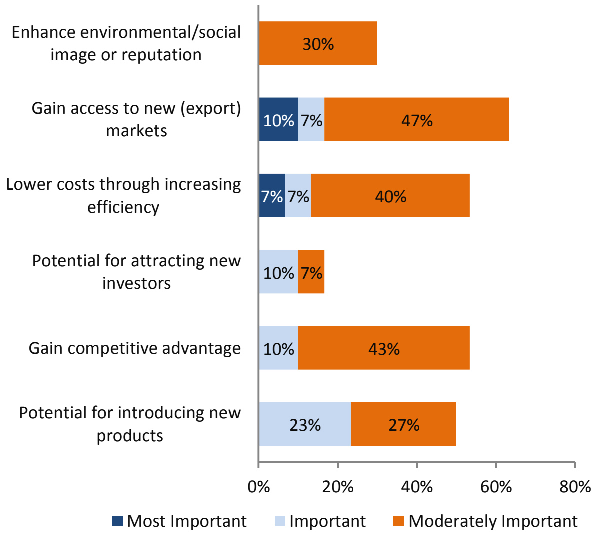
Businesses cited the *absence of a legal requirement*, *lack of clarity on what to disclose* (including standardized disclosure metrics, interpretation of ESG performance parameters, areas material to a particular sector/industry, extent of disclosure, etc.), *lack of capacity* (trained personnel) within the companies to undertake ESG disclosure and reporting and their perception that disclosing any data beyond compliance could create *a competitive disadvantage* for the firm as reasons to avoid public disclosures on ESG indicators. This apprehension was noticeably higher among the smaller, un-listed companies. Many firms also cited insufficient incentives as a major roadblock to the adoption of enhanced ESG disclosure.

**Businesses and Investors have common agenda but lack of communication**

Disclosures by Indian firms on environmental and social management systems and corporate governance are welcomed by investors as a) a signal to that firm are actively seeking to mitigate operational risk and b) providing additional data that allows investors to build more sophisticated risk models.

**Investors: Reasons to integrate ESG indicators in decision making**


**Businesses: Rating opportunities for organization presented by ESG**



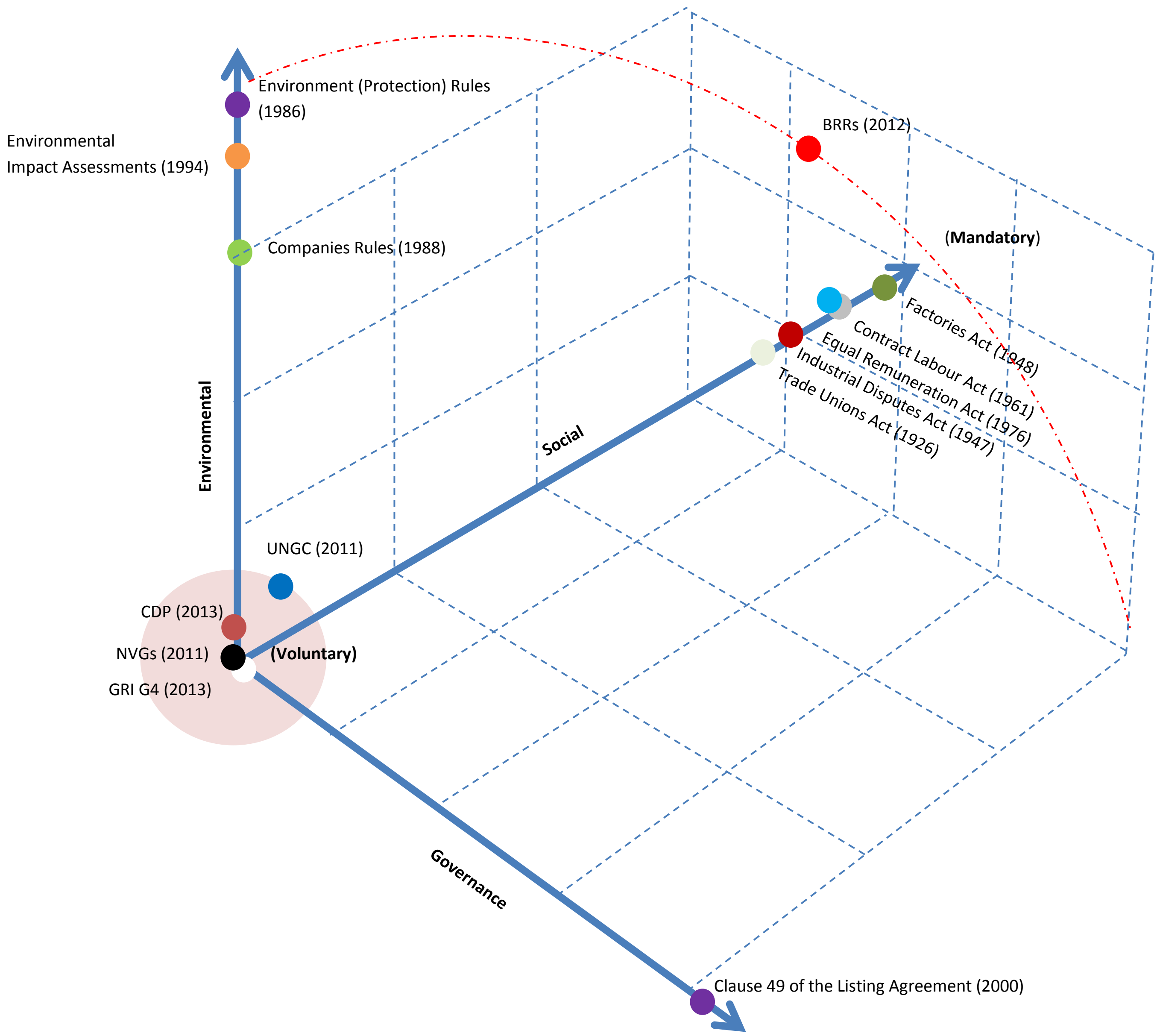

Thus, businesses and investors have a desire to track ESG performance for similar reasons (e.g., reducing operational risk and building reputation)-however, there is a lack of clear communication between the two on the value of ESG disclosure. Investors are

Based on extensive engagement, it was identified that, in order to be useful to investors, ESG disclosure must be: **comparable, metric driven, timely, reliable**, a**ccessible** and **material.**

**Promoting the adoption of ESG disclosure through regulatory mechanisms and incentives**

Companies face an increasingly complex landscape of standards, frameworks, and regulations related to ESG disclosure. This guidance varies from mandatory to voluntary and while some are more focused on a specific aspect of business responsibility others are very holistic in nature. However, despite the existence of these standards, frameworks and regulations, ESG disclosure is still in a nascent stage in the Indian context. The current need is a combination of "carrot and stick" approach to ensure increased uptake of ESG management and disclosure by stakeholders (businesses, investors, etc.).

**Incentive Landscape for ESG Disclosure in India**




Considering compliance is considered to be the key driver for ESG disclosure, many stakeholders consulted in the report were of the opinion that the most effective way to enhance the adoption of ESG disclosure amongst listed companies was to extend the mandate by stock exchange regulator - SEBI for the business responsibility reporting (BRR) beyond the top 100 listed companies.

However, incentives are needed to promote ESG disclosure amongst unlisted businesses that are currently outside the purview of mandatory disclosure. It would also involve building a conducive ecosystem such that businesses don't view ESG disclosure and reporting as a cumbersome task.

Some of the activities needed to enhance ESG disclosure amongst unlisted businesses in India include:

- Creating evidence base to demonstrate the opportunity and business case for increased ESG disclosure
- Training programs/capacity building initiatives for businesses to equip them to undertake businesses responsibility
- Formulating sector-specific guidelines on ESG disclosure which will take into account performance indicators material to each sector

- Increasing clarity regarding what to disclose by defining ESG metrics with greater detail by describing minimum information requirements
- Simplifying the reporting process by standardizing disclosure timing and formats for businesses (including regulatory disclosure)
- Creating non-monetary incentives such as rewards and recognition for businesses with good disclosure practices

The largest businesses as well as institutions will play a key role in advocating the case and need for enhanced ESG disclosure amongst India Inc.

The Sustainable Business Leadership Forum will continue to track progress of this space in 2014.

To stay updated and engage with the Sustainability Disclosure and Reporting working group, please visit http://SBLF.SustainabilityOutlook.in/about-the-forum/sustainability-disclosure-and-reporting

# 1 Context

An increasing number of global investors are beginning to move beyond exclusively measuring the financial performance of their investments through factoring non-financial metrics into their investment considerations. The result has been an increase in the demand for Environmental, Social and Governance (ESG) performance data from financial institutions; a handful of global investors remain at the forefront of driving the non-financial disclosure agenda. Asset managers are looking to source ESG data which is *high quality*, *periodic*, *standardized* and *comparable*—identical to financial disclosures governed by various financial accounting standards.

A certain category of investors have demonstrated significant interest in businesses exhibiting high levels of ESG management and disclosure. A recent study by cKinetics points to the strong correlation between proactive management and disclosure of ESG data and a business' ability to attract investment capital.[1] Estimates indicate that the adoption of enhanced ESG management and disclosure systems by Indian firms could generate an additional $80 billion in capital flowing into these businesses over the next decade.

The Indian ESG landscape is undergoing rapid changes due to policy-level engagement. Indian businesses have recently faced substantive challenges in staying agile enough to develop active, timely and strategic responses to a rapidly changing landscape of acute resource scarcity and stakeholder demand for transparency. The Government of India introduced the National Voluntary Guidelines for Social, Environmental and Economic Responsibilities of Business (NVGs) in August 2011. These guidelines contain:

- 9 broad principles to guide businesses towards more responsible operations
- A "uniquely Indian" approach to tackling country-specific challenges
- Metrics to measure the ESG risk, impact and performance of businesses[2]

These guidelines have created a timely framework to steer Indian businesses in measuring, managing and disclosing the ESG impacts of their operations. In July, 2012, the NVGs were augmented SEBI's notification of the Business Responsibility Report framework (BRR). The BRR builds on the nine principles of the NVGs and provides a comprehensive framework which mandates the parameters on which the 100 largest (by market capitalization) listed firms in India must disclose information.[3] Research suggests that the NVGs, paired with the BRR, constitute a robust set of tools and are amongst the most progressive policies globally for encouraging business responsibility actions and reporting.

While the NVGs and BRR signify a major step forward in the Indian policy landscape, there exists a distinct need for clarity in guiding Indian businesses on the adoption of enhanced ESG disclosure.

## 1.1 Objective of the Report

This report represents a body of work dedicated to consolidating the on-ground prevalence and preparedness of Indian businesses and their supply chain with regards to ESG measurement, management and disclosure. The goal is to demonstrate ways in which existing institutions can be leveraged in order to enhance non-financial disclosure.

With a business lens, the report helps firms to understand:

- how prepared their industries and supply chains are to adopt ESG management/disclosure systems
- the kinds of ESG disclosures investors are most interested in
- what support can be provided by institutions to help them formulate their ESG management and disclosure strategies

[1] Report; Cracking the Conundrum: An investor and policy view to leverage standardization of environmental and social disclosure and reporting; Pg 7; www.ckinetics.com/crackingtheconundrum
[2] National Voluntary Guidelines for Social, Environmental and Economic Responsibilities of Businesses; http://www.mca.gov.in/Ministry/latestnews/National_Voluntary_Guidelines_2011_12jul2011.pdf
[3] Business Responsibility Report; http://www.mca.gov.in/Ministry/pdf/Draft_Disclosure_Framework_Committee_Report.pdf

The report intends to inform *investors* on:

- the preparedness of businesses and their supply chains to adopt ESG management and disclosure systems
- the parameters and nature of information currently tracked by businesses and their supply chain
- the gaps in perceptions which exist between businesses and investors with regard to ESG management and disclosure

## 1.2 Lens and Audience for this Report

The Working Group has consistently sought to target an audience of Indian businesses, investors and service providers.

The report adopts an investor lens in examining the prevalence of, and preparedness for, ESG management and disclosure among Indian firms. The scope of the report has been limited to three target sectors: Pharmaceuticals/Chemicals, Automotive/Automotive Ancillary, and Food/Agriculture/Consumer Products. Environmental and Social management and disclosure practices receive special attention in the analysis as a robust conversation already exists around Governance in the Indian market.

**Indian businesses**

- Indian companies in the Pharma/Chemical, Auto/Auto Ancillary, and Food/Agro/Consumer Products sectors
- Address issues relevant to businesses interested in ESG management in their operations and supply chain

**Investors**

- Investors interested in identifying and assessing the ESG risk in above mentioned sectors
- Build out data which addresses their information needs and how they can use ESG data to guide disclosure/reporting among their portfolio companies.

**Service providers**

- Credit ratings agencies
- Business analytics firms
- Data aggregators
- PR agencies managing sustainability strategies
- Consulting firms developing sustainability reporting systems

# 2 Landscape of Prevalence and preparedness for ESG Management and Measurement: Businesses and their Supply Chains

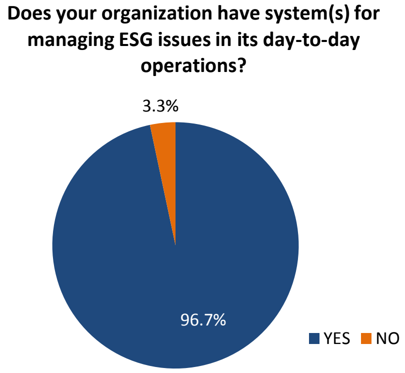
The study focused on three sectors: Pharmaceuticals/Chemicals, Food/Agro/Consumer Products and Auto/Auto Ancillary with the objective of analyzing business operations (including supply chain) to understand how prepared Indian firms were to adopt enhanced ESG disclosure frameworks. The Working Group found that the majority of firms within these sectors were tracking consumption of key resources (e.g., energy, water, chemicals etc.) and had Environmental and Social management systems in place. However, upon examining the data on public ESG disclosure, a distinct disconnect emerged in the lower prevalence of disclosure relative to the widespread adoption of management systems. Additionally, the analysis identified a noticeable dissonance in the responses received from varies levels of management when asked to identify the nature of their firm's ESG disclosures.

Almost 97% of the firms surveyed have ESG management systems in place—indicating a high level of preparedness for in the three target sectors to adopt ESG disclosure frameworks.

## 2.1 Prevalence and Preparedness for management of ESG issues is high

The Working Group examined the preparedness of Indian firms to disclose on ESG metrics by identifying areas for which internal measurement and management systems were currently in place. Parameters businesses were tracking on resource consumption and the mode of engagement with suppliers on certain ESG parameters were also captured.

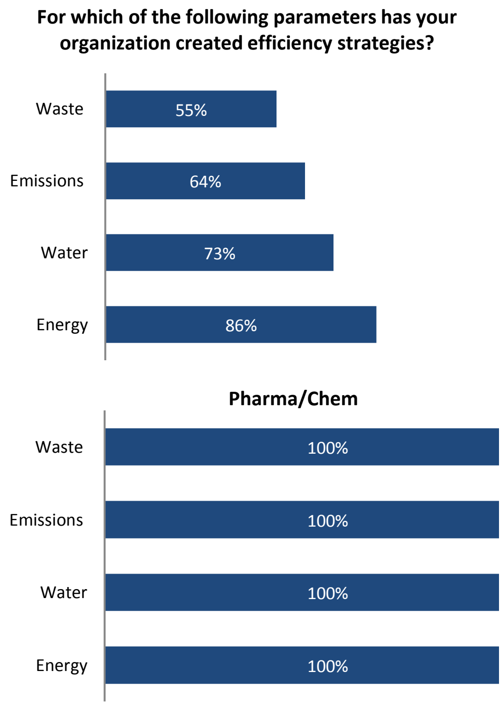
Overwhelmingly, firms indicated that they already had Environmental and Social management systems in place. This indicates very strongly that there is, indeed, a high level of preparedness for firms in the three target sectors to adopt ESG disclosure frameworks.

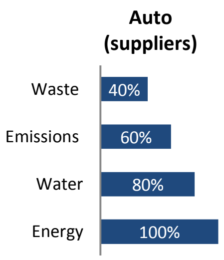


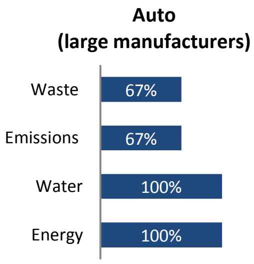

### 2.1.1 Prevalence of Resource Management Systems is High

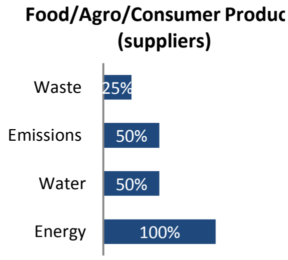
Data indicated that businesses in the target sectors are active in *measuring* and *managing* key resource consumption areas. Overall, businesses tended to focus particularly on resource management systems by tracking usage data that affected their bottom lines such as energy and water.

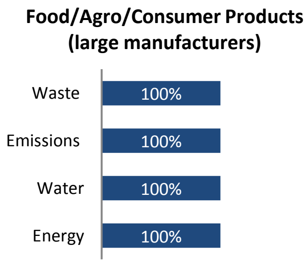
Consistently, firms indicated that they had created efficiency strategies for energy and water. However, in the Auto/Auto ancillary and Food/Agro/Consumer Products sectors there was a clear gap between the prevalence of tracking and management systems for resource consumption between the large manufacturers and their suppliers.





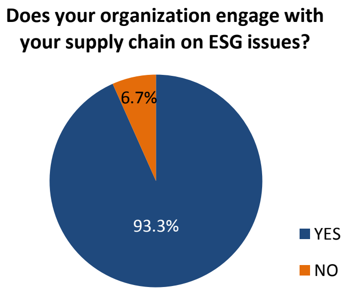



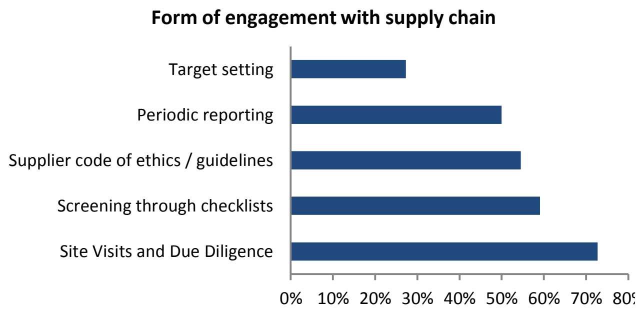




While suppliers were lagging on the development of internal resource management systems, the larger business houses expressed a distinct interest in engaging more extensively with their suppliers on ESG issues. Supplier programs which focus on resource management and enhanced transparency are currently underway in several sectors; however, they have not yet witnessed widespread adoption. A positive indicator that the capacity exists for this type of proactive supply chain engagement is data from the survey which showed a high prevalence of firms engaging their suppliers.

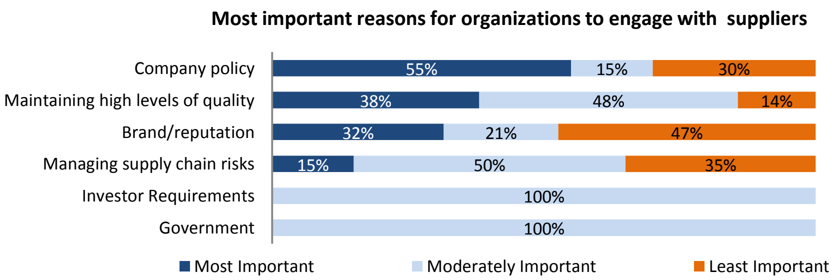
### 2.1.2 Prevalence of Supply Chain Engagement is High

The majority of firms participating in the study reported that they were currently engaging their suppliers on ESG issues. Respondents noted that *site visits and due diligence* were the preferred mode of engagement, but target setting consistently lagging across the three sectors.



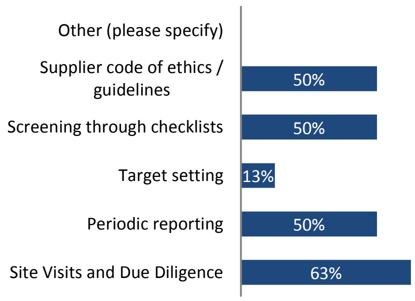

*Company policy* and *maintaining high levels of quality* followed by *brand/reputation* were cited as the most important reasons by businesses to engage with their suppliers. This data set is particularly interesting in that it provides a unique insight on how firms make decisions in this area which could inform the process of crafting incentives for encouraging additional engagement.



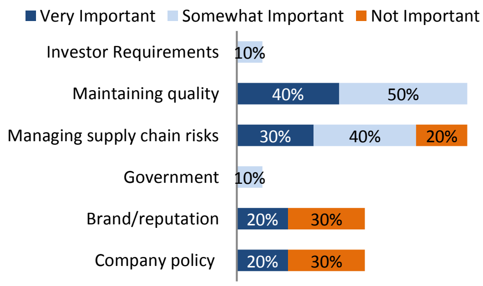

The Food/Agro/Consumer Products and Auto/Auto Ancillary sectors indicated that they engaged with suppliers primarily to *maintain high levels of quality* (also citing Brand/Reputation as important), while the Pharmaceuticals and Chemicals sector cited *company policy* as the primary driver for its engagement with suppliers. *Supply chain risk* was a significant driver in both Auto/Auto Ancillary and Pharma/Chemical.

**Form of engagement with supply chain** | **Most important reasons for organizations to engage with suppliers**

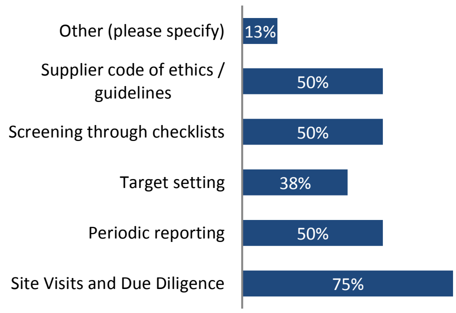
**Auto/Auto Ancillary**



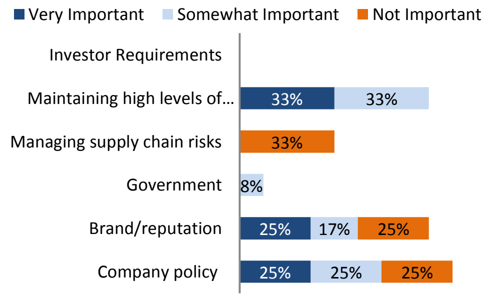

**Auto/Auto Ancillary**



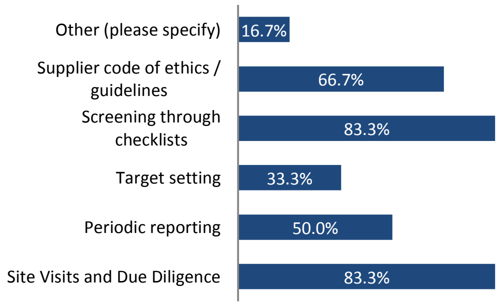

**Food/Agro/Consumer Products**



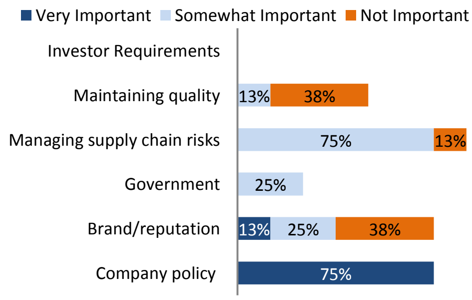

**Food/Agro/Consumer Products**




**Pharmaceuticals/Chemicals**




**Pharmaceuticals/Chemicals**

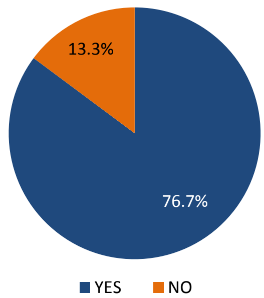



Further research could aid in building a better understanding of the specific breakdown of "company policy" as a driver. Here, modes and levels of engagement would be a valuable contribution to understanding to what degree board-level conversations are dictating actions on ESG management and disclosure systems. Additionally, institutional engagement promoting ESG disclosure would be well served by leveraging what appears to be a *substantial* existing capacity of firms to engage their suppliers via site visits and due diligence.

## 2.2 Prevalence of Public ESG Disclosure is Low

The high prevalence of internal management systems is a clear indication that Indian businesses have a strong level of preparedness to adopt ESG disclosure frameworks. However, standardized, public disclosure of ESG performance consistently lagged the prevalence of ESG management systems in the three focus sectors.

**Is your organization currently disclosing on ESG issues?**

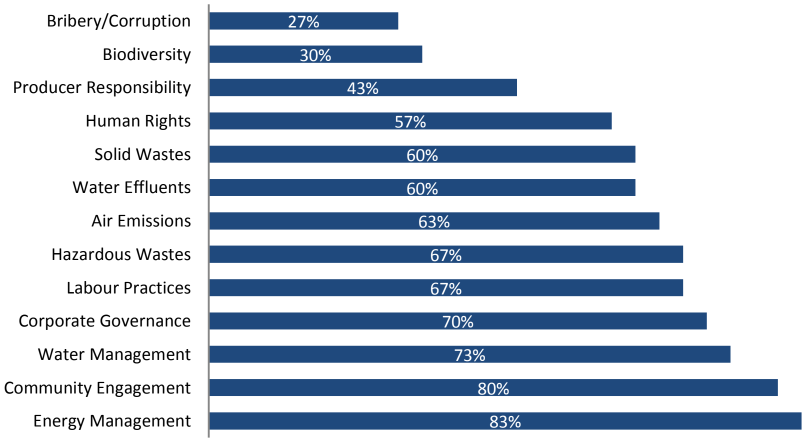


Regulatory bodies play an important role in driving several core areas of ESG disclosure. Environmental management and reporting is driven significantly by mandates originating from central and state Pollution Control Boards which dictate norms on areas such as water/air emissions, waste, and energy. The Ministry of Labor and Employment is the primary regulatory body responsible for firms managing labor issues ranging from compensation, working hours and conditions, in addition to environmental health and safety issues. However, these disclosures/reporting to regulators tend to be disaggregated and spread across a wide variety of physical/digital formats/geographies.

Disclosures on *energy management* and *community engagement* were most common across the three sectors. It is important to note that, in the case of *corporate governance* and *energy* disclosures for publicly listed firms, aspects of these areas are mandatory (See: Annexure 4).

Based on the survey data, firms *self-identified* that they were disclosing on the following parameters:

**Please indicate what E&S data your organization publicly discloses**



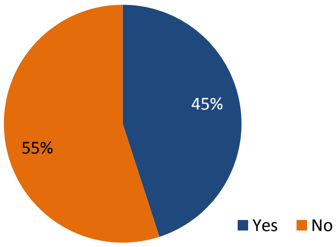

Levels of formal, voluntary ESG disclosure drops substantially to 33% of the surveyed firms outside the top 100 listed businesses in India

Auto/Auto Ancillary firms indicated the highest levels of specific (self-identified) disclosures. Similar to management systems, suppliers lagged their large manufacturing counterparts across the board. This trend was most pronounced in the Food/Agro/Consumer Products sector where a major disclosure asymmetry exists between suppliers and large manufacturers.

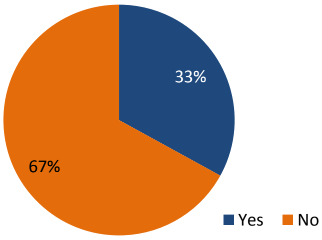
The data reflects a consistent shortfall in the levels of disclosures made by larger manufacturing firms and their smaller suppliers. This highlights the need for developing capacity among SMEs to measure, manage and disclose ESG metrics. Further engagement is required to build strong collaborations between end user firms and their suppliers which focus on building capabilities among suppliers to take action on ESG issues.

However, despite the high levels of self-identified ESG disclosure, the levels of formal voluntary disclosure drops substantially based on analysis of public disclosures made through sustainability reports.

**Businesses publishing sustainability reports (including top 100 listed businesses)**



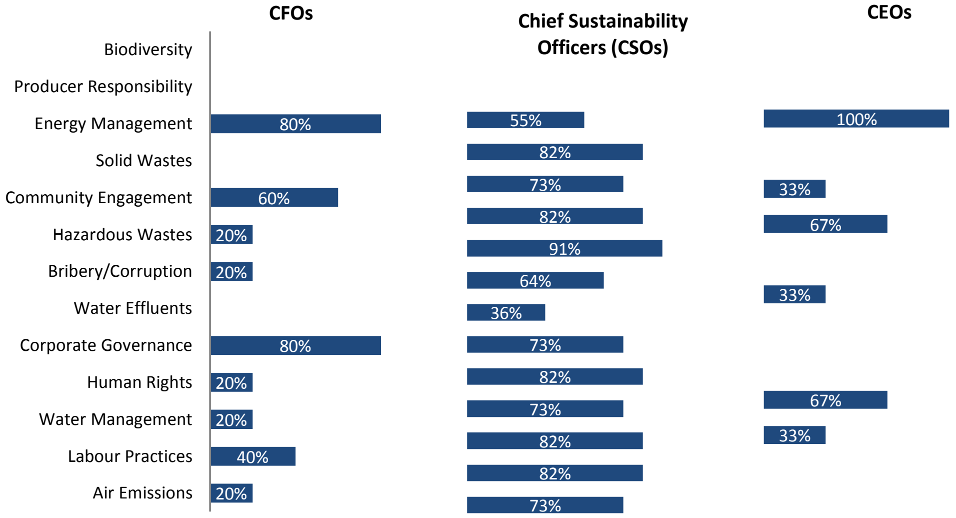

**Businesses publishing sustainability reports (outside of top 100 listed businesses)**



Businesses cited a variety of reasons for choosing *not* to disclose on ESG data. These included *the absence of a legal requirement* for them to do so and the perception that disclosing (beyond compliance) *could create a competitive disadvantage* for the firm. This apprehension around the voluntary disclosure of ESG data was noticeably higher in the survey outreach to un-listed companies.

## 2.3 Disconnect Between Key Roles in Companies on ESG Management/Disclosure

The study highlighted a slight disconnect within a firm amongst key management personnel, primarily CEO, CFO and CSO on their firm's current ESG disclosures. While there was general consensus around three core parameters: *Community Engagement*, *Energy Management* and *Corporate Governance* the responses for all other ESG areas varied significantly.




Responsibilities for data collection and reporting/disclosure are highly varied from firm to firm; however, the lack of internal clarity on ESG disclosure highlights the need for facilitating more extensive internal conversations on the value of ESG management, measurement and disclosure at the executive-level of management in Indian firms. Likewise, it provides a strong case for creating clearer channels of communication on ESG strategy within organizations.

# 3 Drivers for ESG action: Risks and Opportunities

As a part of the overall study, an attempt was made understand the outlook of various managers (CFOs, CEOs, CSOs and general management) on risks and opportunities posed to their firms, specifically related to environmental, social and governance factors.

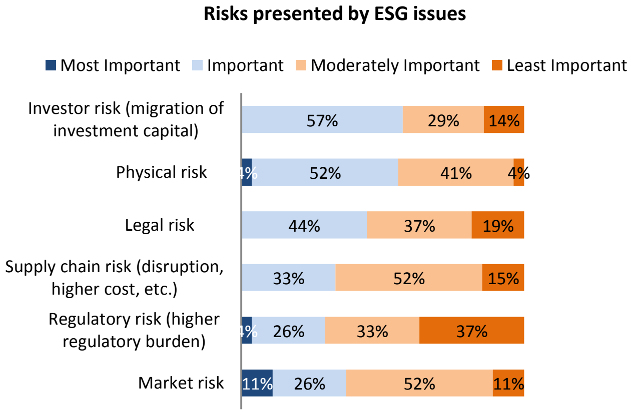
The Working Group has targeted its engagement with businesses and investors to distill key concerns surrounding ESG measurement, management and disclosure in the Indian context. Data indicated a strong correlation between managerial perceptions around ESG risks and opportunities and the underlying drivers for the adoption of ESG Management Systems. While ***supply chain risks*** were cited as important across all the target sectors, there were varying levels of concern indicated between large manufacturers and their suppliers in several core areas.

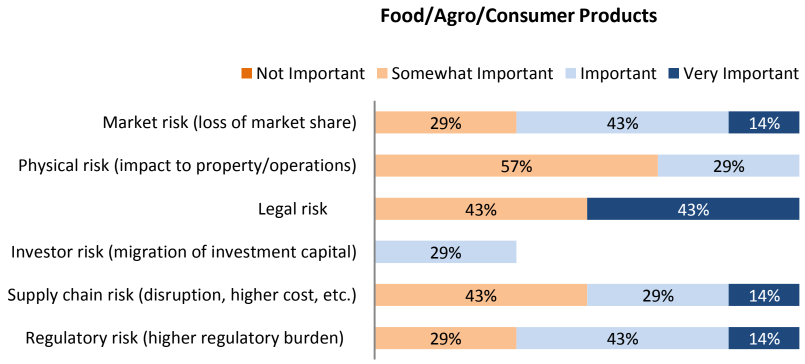
## 3.1 Perceived Risks

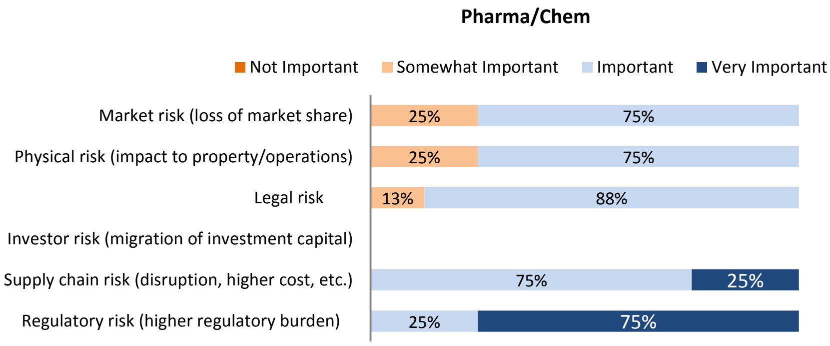
Firms perceive both Investor and Physical Risks as significant concerns arising from ESG issues. Pharma/Chem and Food/Agro sectors cited legal and regulatory risk as their primary concerns posed by ESG

Overall, firms rated both Investor and Physical Risks as significant concerns arising from ESG issues.

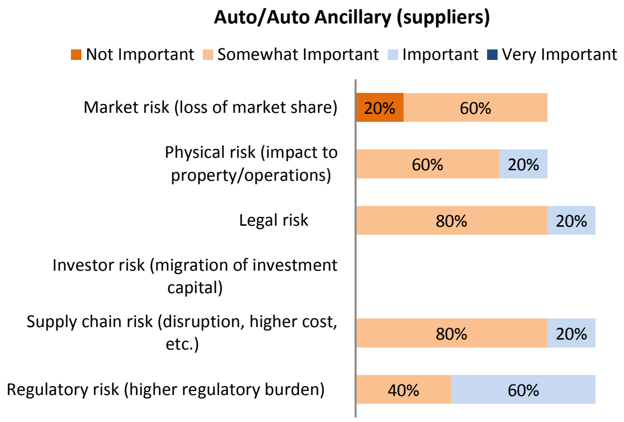
The Pharmaceutical/Chemical and Food/Agro/Consumer Products sectors exhibited concerns surrounding *legal* and *regulatory risk* posed by ESG issues. The Working Group's tentative hypothesis for this heightened concern around *regulatory* risk in both sectors could be a function of the nature of the products in these industries (and attendant consumer protection laws).

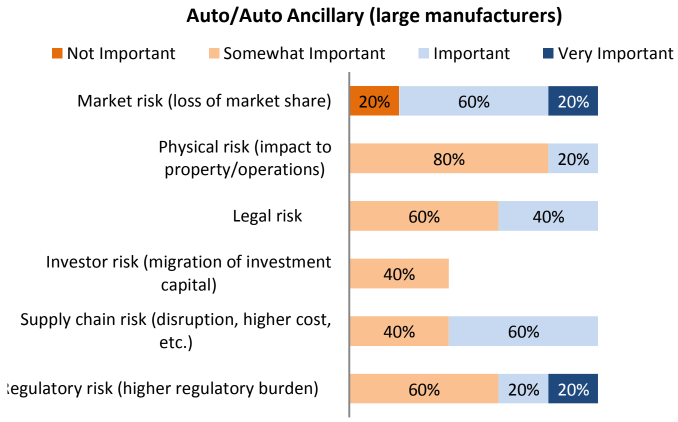


In the Automotive/Automotive Ancillary sector large manufacturers were more concerned about *market risk* and *supply chain risk* than were their suppliers—while *regulatory risk* was the most significant concern for suppliers. This strong focus on regulation supports conversations with large manufacturers in this industry wherein the consensus was that SMEs in the supply chain were primarily focused on more immediate issues such as basic business operations and compliance challenges.




Analysis of the data has returned a number of interesting initial observations on the underlying decision making paradigms associated with ESG risk perception in the Indian context. It is clear that firms perceive two distinct forms of risk: *external* and *internal*. *External risks* would include *regulatory* risk and *market* risk in addition to *physical* risks stemming from acts of God. On the other hand, *internal risks* would focus on processes and domains which firms can more readily influence. These would include *supply chain* risk and any associated *operational* risks. Firms share a fear of losing market share and, as the next chapter reveals, seek opportunities to *gain competitive advantage*. Consistently, the opportunities Indian businesses identified around ESG appear to be reactionary based on their underlying concerns about adverse regulation, loss of competitiveness and negative brand image.

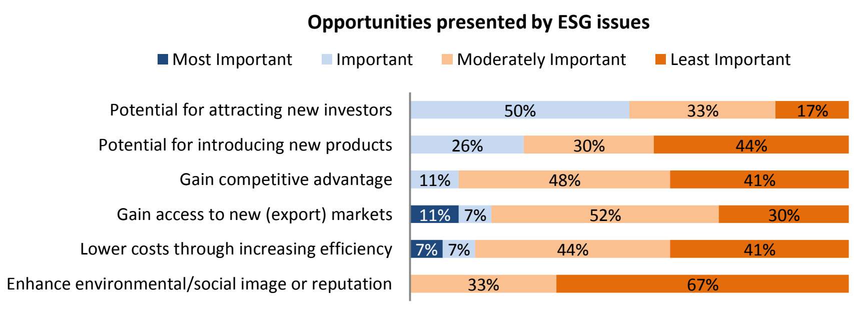
Additional research in this area should investigate how executives source and process information about ESG risks in order to build a better understanding of how relevant ESG data inputs are internalized by Indian businesses across several core sectors. The identification of core shared concerns stands to inform the development of future incentive structures targeting the adoption of enhanced ESG management and disclosure systems.

Gaining access to new (export) markets and gaining competitive advantage ranked high among the opportunities firms perceived from ESG issues.

## 3.2 Perceived Opportunities

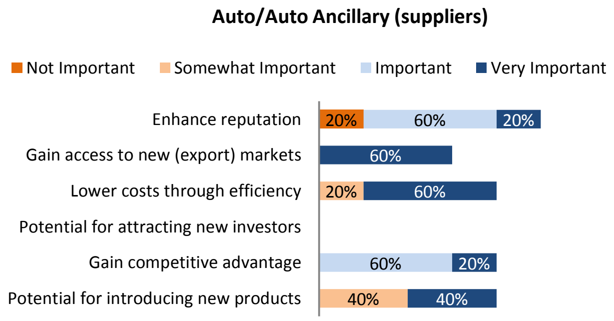
### 3.2.1 Sector Breakdown

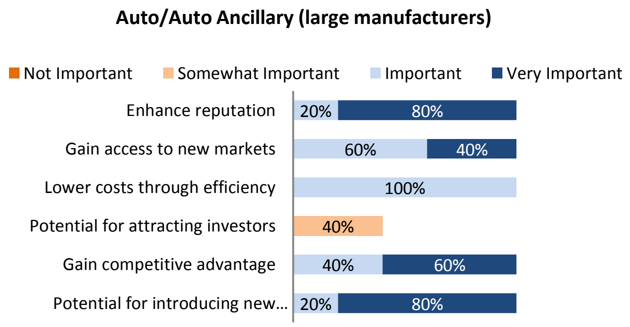
Across the target sectors, ***gaining access to new (export) markets*** and ***gaining competitive advantage*** ranked high among the opportunities firms perceived from ESG issues. Surprisingly, ***enhanced environmental/social image or reputation*** ranked low in their relative importance; this low importance is uncharacteristic of responses given when firms were asked questions on their ESG management and disclosure. This trend presents an interesting disconnect between the drivers firms identified and their perception of opportunities surrounding ESG management and disclosure—a trend which could potentially be explained by a reactive vs. proactive approach to addressing ESG management systems. Although, internally, firms appear to have identified the value of measurement and management systems; disclosure, however, has a value which appears to be less perceptible to firms.



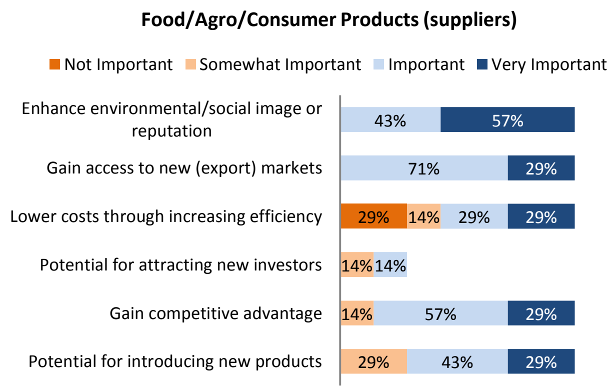
The sector-wise analysis highlighted a number of interesting core similarities across sectors and key asymmetries between suppliers and end users.

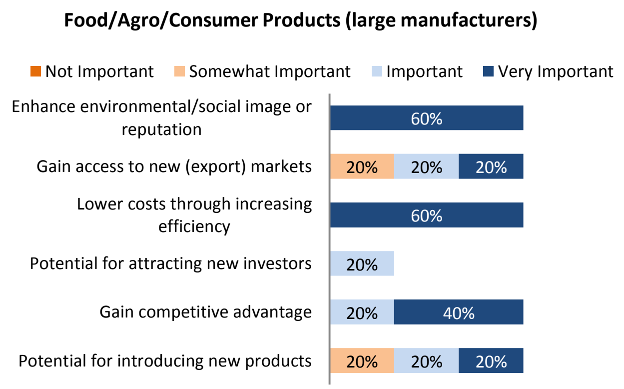
In the Auto/Auto Ancillary sector, supply chain firms overwhelmingly identified *gaining access to new (export) markets* (60% “very important”) and *lower costs through increasing efficiency* (60% “very important”) as ESG opportunities for their businesses. Large manufacturers indicated a stronger interest in opportunities stemming from *enhancing environmental/social image or reputation* (80%), *introducing new products* (80%). Both suppliers and end users identified *gaining competitive advantage* as “very important” and “important” opportunities.



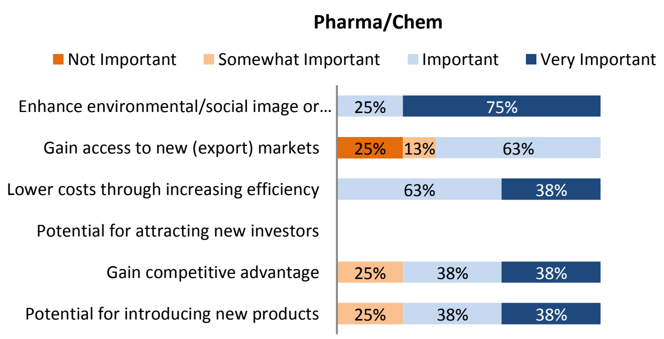




In the Food/Agro/Consumer Products sector, supply chain firms cited *gaining access to new (export) markets* (29% “very important” and 71% “important”) an opportunity which was most relevant to them. Large manufacturers identified *lowering costs through efficiency* (60% very important) as an area of opportunity for their firms. Both suppliers and large manufacturers identified *enhancing environmental/social image or reputation* as “very important” (57% for suppliers and 60% for large manufacturers) and “important” (43% for suppliers)




Firms in the Pharmaceuticals/Chemicals sector ranked enhancing environmental/social image or reputation (75% “very important” and 25% “important”) as the most significant opportunity. 63% of firms ranked gaining access to new (export) markets as “important” while the potential for attracting new investors was the least significant opportunity identified by firms.



How firms perceive opportunities versus risk is influenced strongly by the type and size of firm in question. Large firms have spent significant time and effort in crafting well-developed brand—which they increasingly seek to tie to sustainability. Firms with extensive supply chains are inherently more conscious of their potential risk exposure; whereas, vendor-level firms tend to focus more on immediate operational concerns, given limited resources.

For many SMEs in supply chains, there is an absence of strong incentives for ESG disclosure. Likewise, resources are lagging to facilitate the adoption of ESG management and disclosure among SMEs. Many unlisted firms, even those which are quite large, have expressed an apprehension around ESG disclosure in excess of bare minimum compliance, indicating a fear the data will be misused.

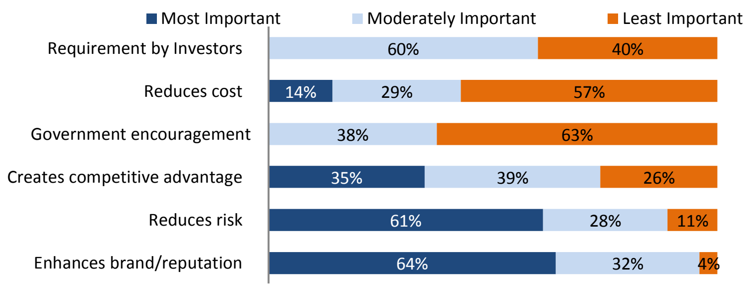
While the Working Group has identified several key drivers for Indian firms to adopt ESG disclosure (risk mitigation, compliance and customer/buyer requirements) there is an absence of influential incentives for public disclosure. Currently, compliance is the most important incentive driving public disclosure of ESG data. Firms have self-identified a variety of factors which influence their decisions to adopt management systems, these core drivers are key to informing non-compliance based incentive structures.

Enhancing brand/reputation, reducing risk and creating competitive advantage were identified as the primary drivers for businesses to implement ESG management systems.

## 3.3 Drivers Identified behind Creation of ESG Management Systems

Managers across the three target sectors identified ***enhancing brand/reputation***, ***reducing risk*** and ***creating competitive advantage*** as the primary drivers behind their firm's decision to implement ESG management systems. ***Investor requirement*** was cited as a "moderately important" driver for setting up ESG management systems within their firms.

**Reasons for organizations to have system(s) for managing ESG issues**

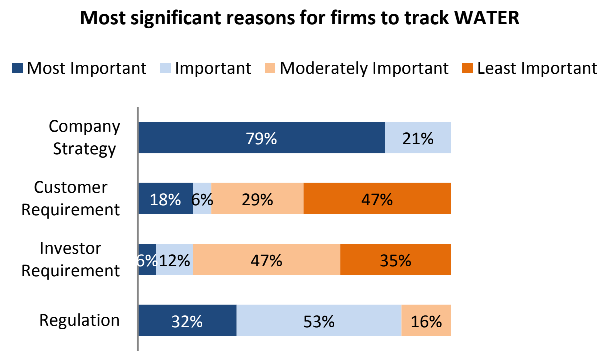


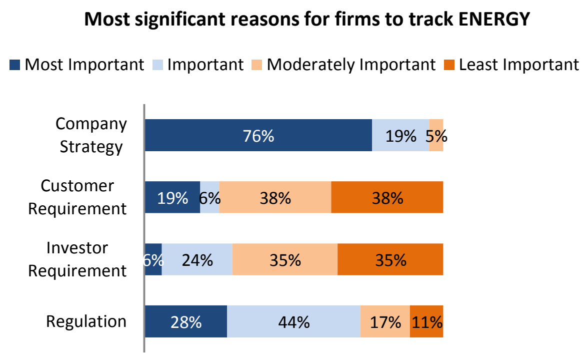

The underlying drivers for internal ESG management systems track with the firm data on perceptions of opportunities and risks on ESG issues. Through identifying "enhances brand/reputation," firms have provided an interesting insight into their desire to influence public opinion through improving their internal operations—a conclusion which seems non sequitur given the broader reluctance to communicate these efforts to the public via formal ESG disclosure.

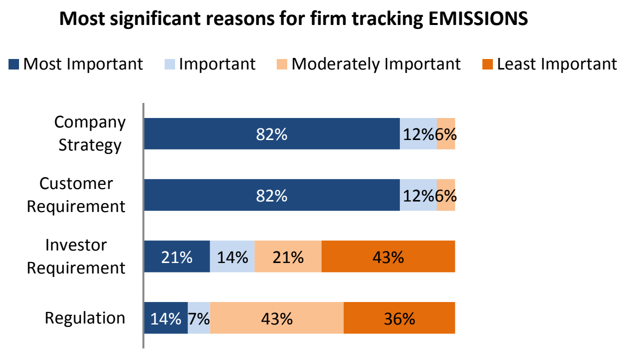
Better understanding the risks mitigated through proactively managing of ESG issues, coupled with the strong desire of firm's to influence public perceptions around the brand and image, poses an important first step in building a more robust business case for the management and eventually disclosure systems.

### 3.3.1 Drivers for Tracking Resource Consumption

Across the target sector firms the study attempted to gauge the *"most significant reasons"* for tracking consumption data on four core resources: water, energy, waste and emissions. The majority of firms ranked *customer requirements* and *company strategy (internal requirements)* as being the most significant reasons for implementing systems for tracking the four resources. *Regulation* was, likewise, ranked as a significant driver for implementing measurement systems. "Very Important"= pharma/chem and auto/auto ancillary (50-67%) and "Important" across the board (43-75%).


Most significant reasons for firms to track WATER
Most Important
Important
Moderately Important
Least Important
Company Strategy
Customer Requirement
Investor Requirement
Regulation
79%
21%
18%
6%
29%
47%
6%
12%
47%
35%
32%
53%
16%


Most significant reasons for firms to track ENERGY
Most Important
Important
Moderately Important
Least Important
Company Strategy
Customer Requirement
Investor Requirement
Regulation
76%
19%
5%
19%
6%
38%
38%
6%
24%
35%
35%
28%
44%
17%
11%


Most significant reasons for firm tracking EMISSIONS
Most Important
Important
Moderately Important
Least Important
Company Strategy
Customer Requirement
Investor Requirement
Regulation
82%
12%
6%
82%
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6%
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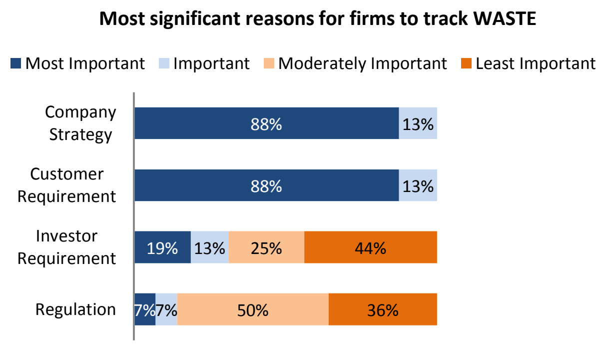
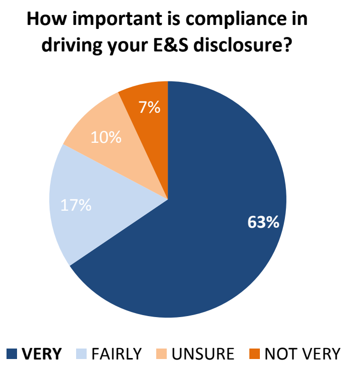
14%
21%
43%
14%
7%
43%
36%

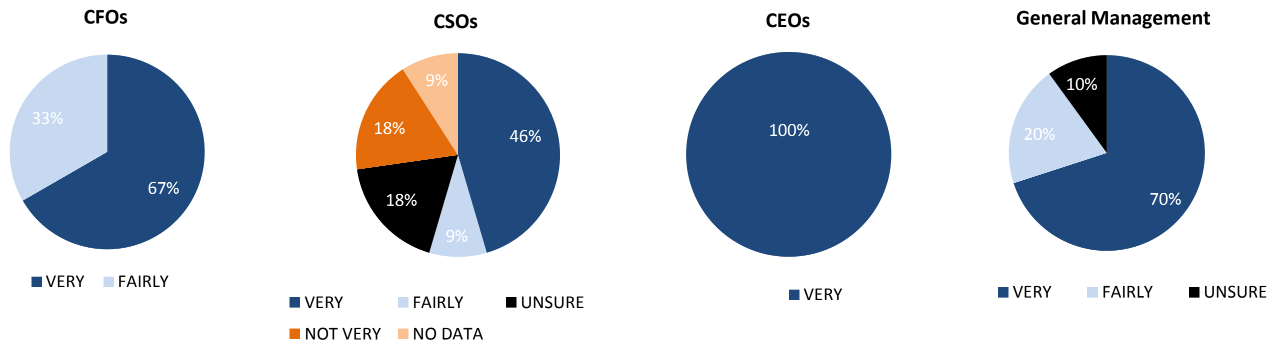

Most significant reasons for firms to track WASTE
Most Important
Important
Moderately Important
Least Important
Company Strategy
Customer Requirement
Investor Requirement
Regulation
88%
13%
88%
13%
19%
13%
25%
44%
7%
7%
50%
36%

# 4 ESG disclosure: Compliance as a Key Driver

As identified earlier, though the management of ESG issues is high amongst businesses in the Food & Agro, Pharmaceuticals and Automotive sectors in India; the levels of formal voluntary disclosure is substantially low. The study revealed that a significant majority of firms (63%) indicated that compliance was a key factor driving them to make ESG disclosures. This trend was constant across the target sectors (50% pharma/chem, 57% food/agro/consumer products, and 70% auto/auto ancillary) with consistent responses among suppliers and end users.




However, responses to this question varied substantially across management roles.




63% of the firms surveyed indicated that compliance was a key factor driving them to make ESG disclosures.

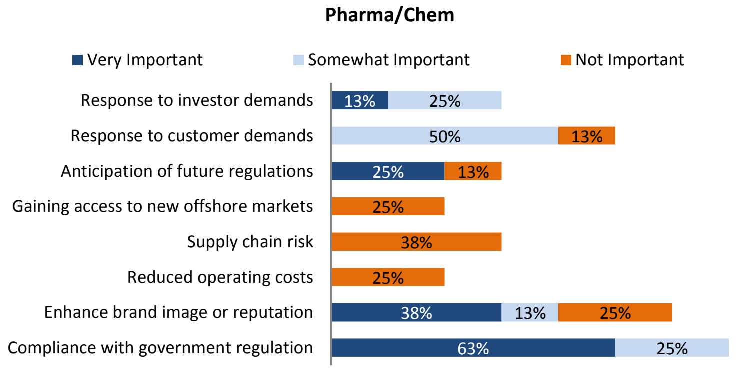
The term "compliance" came in two forms: i) regulatory compliance (e.g., reporting to Pollution Control Board, Labour Ministry etc.) and ii) compliance with customer requirements (e.g., clean supplier programs, labor norms, etc.) In a landscape permeated by voluntary disclosure frameworks, the data indicates that the most effective driver encouraging firms to adopt enhanced ESG disclosure systems comes from mandating some aspects of the disclosure process.

## 4.1 Regulatory Compliance

Compliance with government regulation was identified in numerous conversations with businesses as a key driver for producing ESG disclosures. Compliance was considered most important by the Pharmaceuticals/Chemicals sector with importance, likewise, identified by the other target sectors.

The target sectors identified both the Pollution Control Boards (state) and Labor (state and central) authorities as placing the highest level reporting burden on industry. SEBI was responsible for mandating key Corporate Governance disclosures through Clause 49 of the Listing Agreement. Similarly, energy consumption and conservation measures are mandated through the Companies (Disclosure of Particulars in the Report of Directors) Rules, 1988 under section 217(a) for 21 industries identified by the Ministry of Corporate Affairs.[4]

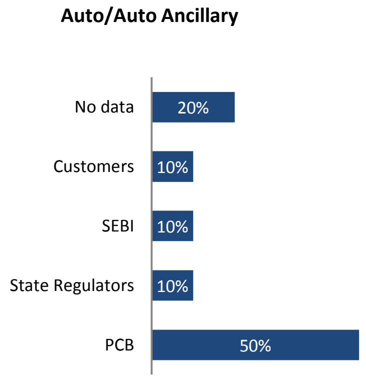
[4] Annexure 'A' to the Directors' Report is applicable to the following industries: Textile, Fertilizer, Aluminum, Steel, Refineries, Petro-chem/chem, Cement, Dairy/food processing, Cold storage plant, Electric arc furnaces, Chlor alkali, Edible oil, Engineering (steel forging and re-rolling), Glass, Jute, Paper, Refractory and pottery, Tea, Tyre, Sugar, Drugs and pharmaceuticals.

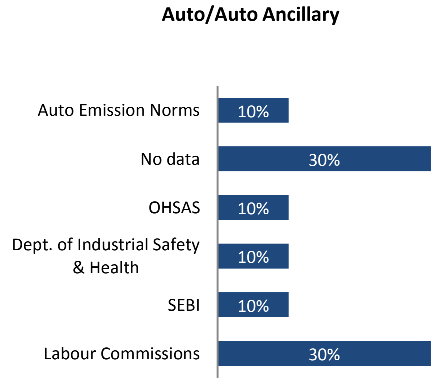


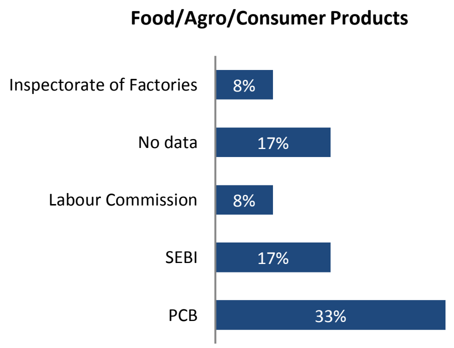

The nature of firms' ESG disclosures made to regulators varies significantly as do the specific data points which they are expected to track and report on (see: Annexure 4). The Working Group has identified these regulatory bodies as key partners going forward for promoting the mainstreaming of ESG disclosure in India. These institutions represent a significant repository of ESG data and have substantial depth in designing and implementing technical reporting systems. The charts below represent the perceived regulatory burden by different bodies across the focus sectors.

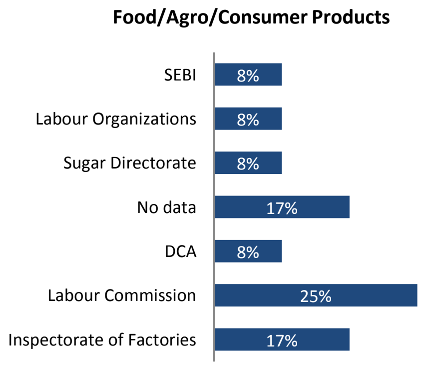
**HIGH regulatory burden**

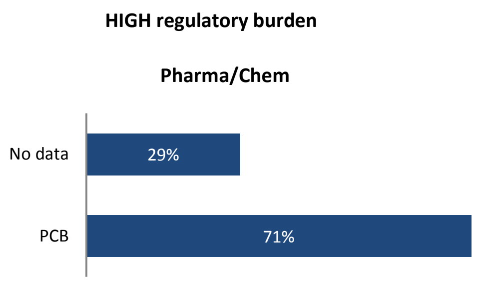
**MEDIUM regulatory burden**

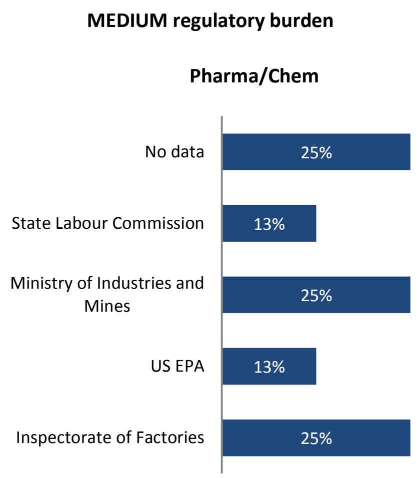




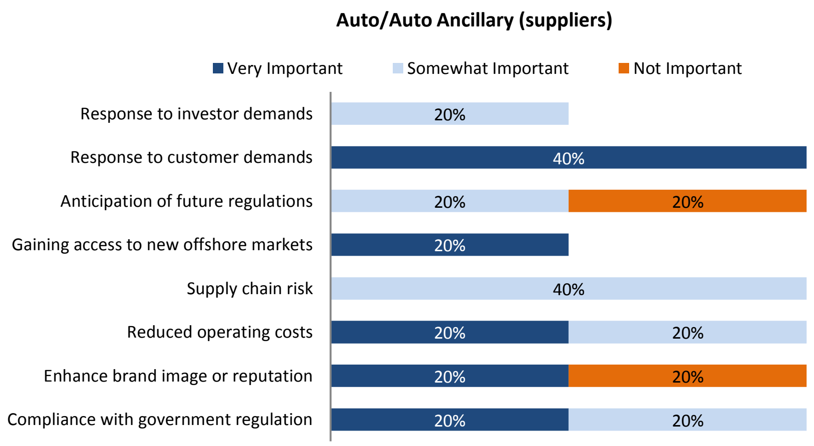




## 4.2 Customer Compliance

The rapport developed between Indian corporates and their core vendor network is a very important relationship which is developed through the investment of significant amounts of time and resources. It must be noted that the essential nature of ESG disclosure in this area is that it is almost always *non-public* in nature (data would be disclosed to major customers on a fairly explicit understanding of confidentiality).

A number of major corporates in India are currently engaged with their suppliers in mandating certain basic standards which must be met in order to be considered for selection as a vendor. These include the likes of: the Green Vendor Development Program (GVDP) developed by Hero MotoCorp, Sustainable Procurement implemented by Marks & Spencer, H&M's work with suppliers on water and energy management through a ranking program for winning contracts, Bharti Walmart's sustainable sourcing initiatives, and various Codes of Conduct which all serve as important watermarks for suppliers' basic ESG performance and many others.

Our study indicated high levels of engagement with supply chain firms yet many suppliers responded that few of them were subject to ESG disclosure requirements from their end user customers. However, in the Auto/Auto Ancillary, 40% of suppliers cited *customer demands* as "very important" to driving their ESG disclosures.

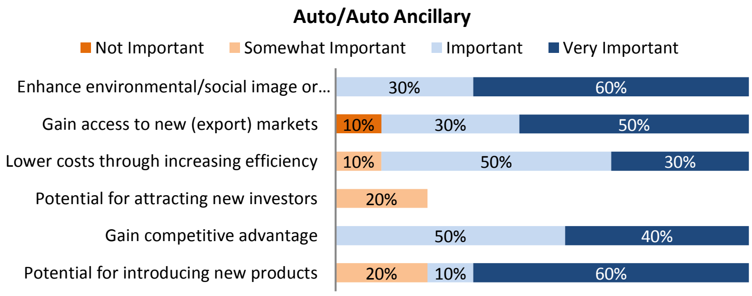


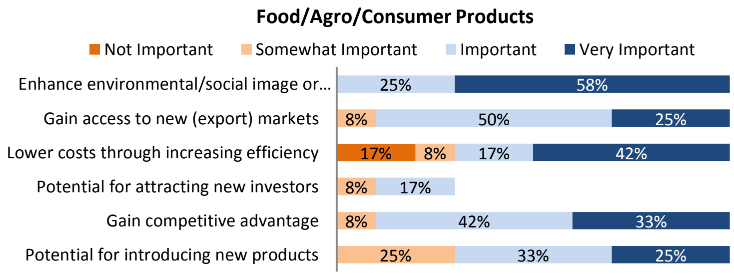

## 4.3 Other Non-Compliance Drivers

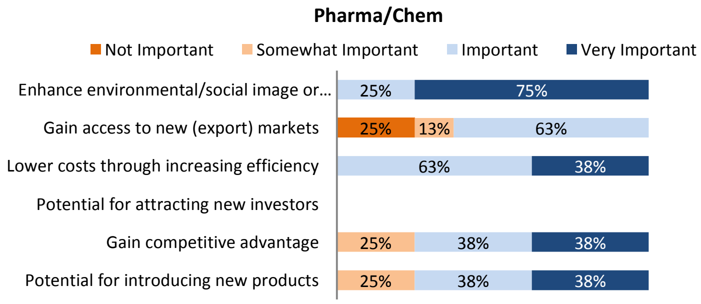
### 4.3.1 Brand and Reputation

The perceived opportunity to *enhance brand image or reputation* through ESG disclosure was cited by a number of firms as being an important factor driving their disclosure on ESG issues. Firms in the Food/Agro/Consumer Products sector placed the highest importance on this driver. The Pharmaceuticals/Chemicals sector also indicated a mild influence of brand/reputation (38% responded "very important") on its ESG disclosures.

Enhancing brand image or reputation was cited by a number of firms as being an important factor driving their disclosure on ESG issues; especially for firms in the Food/Agro/Consumer Products sector who placed the highest importance on this driver




The identification by firms of the potential for crafting a brand or public image which would be built on strong transparency and proactive responsible business action on ESG issues poses a unique opportunity for ESG disclosure gaining traction among Indian businesses. While further research is needed in this area, media/advertising/PR firms could be engaged to better understand the depth of this market and the levels of engagement by firms (i.e., greenwash vs. board level participation).

### 4.3.2 Export Market Pressure

As Indian corporate houses have begun to expand their operations beyond domestic markets, there has been an intense focus on the specific expectations of export markets. When entering European and North American markets, Indian businesses have faced a substantially level higher scrutiny on the way they do business than they have traditionally been accustomed to; this scrutiny is primarily two-fold:

- *Customers demand* more ethical/responsible/sustainable engagement across the entire value chain
- *Governments/Regulators* place a higher regulatory burden regarding transparency (e.g., financial, EHS, product labeling and safety, etc.)

# 5 Investor Perspective on the Value of ESG Data

The unique on-ground realities in the Indian context present a number of distinct challenges, including environmental and economic stresses exacerbated by mounting population pressures. These factors have conspired to create myriad risks for business operations. As global investors consider entering the Indian market, proactive disclosures by Indian firms on environmental and social management systems and corporate governance stand to assuage apprehensions twofold: a) through acting as a signal to investors that firms are actively seeking to mitigate operational risk and b) providing additional data that allows investors to build more sophisticated risk models.

**Assets under Management of ESG-focused Investors (2012)**

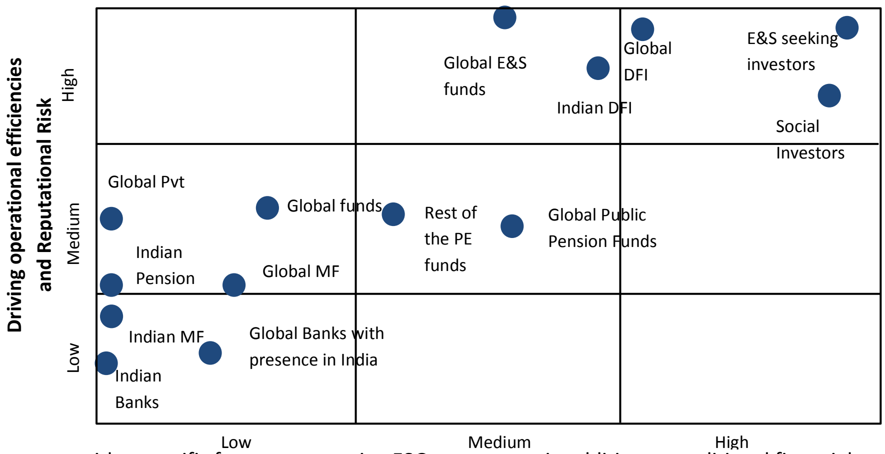
| Class of Investor | Assets Under Management |
|---|---|
| Social Investors | ₹14.3 billion ($260 million) |
| ESG Funds | ₹100 billion ($1.8 billion) |
| Indian SRI Funds | ₹9.3 billion ($170 million) |
| Global SRI Funds Allocated in India | ₹605 billion ($11 billion) |
| Development Finance Institutions (Indian and Global) | ₹2255 billion ($41 billion) |
| Indian Banks | ₹2640 billion ($48 billion) |
| Global Banks | ₹1760 billion ($32 billion) |

Mitigating operational risk, managing brand/reputation and managing supply chain risk were cited as key drivers by investors to incorporate ESG data in their assessments

## 5.1 Drivers for investors to incorporate ESG data in assessment

Over the last decade, India has made significant strides in bolstering transparency in both government and financial markets; however, a lingering culture of opacity has proven a continual hindrance to investors both foreign and domestic. Global institutional investors, with operations based in countries where levels of market transparency are high, have been at the forefront of the conversation driving the adoption of ESG best practices and standardized disclosure frameworks.

**Drivers for integrating ESG tracking and disclosure by investors in their operations**




Investors with a specific focus on managing ESG parameters in addition to traditional financial metrics in their portfolios constitute a substantial body of capital. Estimates forecast that the adoption of enhanced ESG management and disclosure by Indian businesses could potentially lead to an injection of Rs.4.4 trillion ($80 billion) in capital into Indian businesses over the next 10 years.[5]

### 5.1.1 Mitigating Operational Risk

Investors' primary interest in ESG management and disclosure system is the ability to actively mitigate any risk which threatens the underlying value of their investment or, for creditors, the ability of a firm to meet its debt obligations. Specific concerns surrounding ESG parameters, however, vary significantly by

[5] cKinetics (2013), *Cracking the Conundrum: An investor and policy view to leverage standardization of environmental and social disclosure and reporting*

the investor class and geographic distribution of funds. The following table provides an investor-wise breakdown on the relevance of various ESG factors.

**Drivers for integrating ESG tracking and disclosure by investors**

| | | Reputation of the investor | Requirement from retail investors/ shareholders/ limited partners | Regulatory compliance | New product development | Marketing to retail investors/ limited partners | Signatory to global investor initiative | Investor's own philosophy | Operational Risk |
|---|---|---|---|---|---|---|---|---|---|
| Banks | Indian | ● | ● | ● | ● | | | ● | ▲ |
| | Global banks with presence in India | ▲ | ▲ | ● | ● | | ▲ | ● | ▲ |
| DFI's | Indian | ▲ | ■ | | ▲ | | | ■ | ■ |
| | Global | ■ | ■ | | ▲ | | ■ | ■ | ■ |
| Mutual Funds | Indian | ● | ● | | ● | | | | ● |
| | Global MFs with physical presence in India | ▲ | ▲ | | ● | | | ● | ● |
| | Global E&S funds investing in India | ■ | ■ | | ■ | ■ | ▲ | ■ | ▲ |
| | Global funds investing in India | ▲ | ▲ | | | | | ● | ● |
| Private Equity GP's | E&S seeking investors | ■ | ■ | | ■ | ■ | ▲ | ■ | ■ |
| | 'Social Investors' | ■ | ■ | | ■ | ■ | | ■ | ■ |
| | Rest of the PE funds | ● | ● | | | | | | ■ |
| Pension Funds | Indian | ● | ● | | | | | | ▲ |
| | Global Private Pension Funds | ■ | ▲ | ● | ● | ● | ● | ● | ▲ |

Investors that identified the strongest concerns on ESG issues included *DFIs, Mutual funds* and *Private Equity* funds. These players indicated that *operational risk* and *reputation of the investor* were significant concerns across the board. Within this category of business risk, research found that both investors and businesses shared a common concern around the adverse effect of ESG risks on supply chains. This area can be broken down into the two most common (and highest concern) challenges facing supply chains:

***Resource Scarcity***

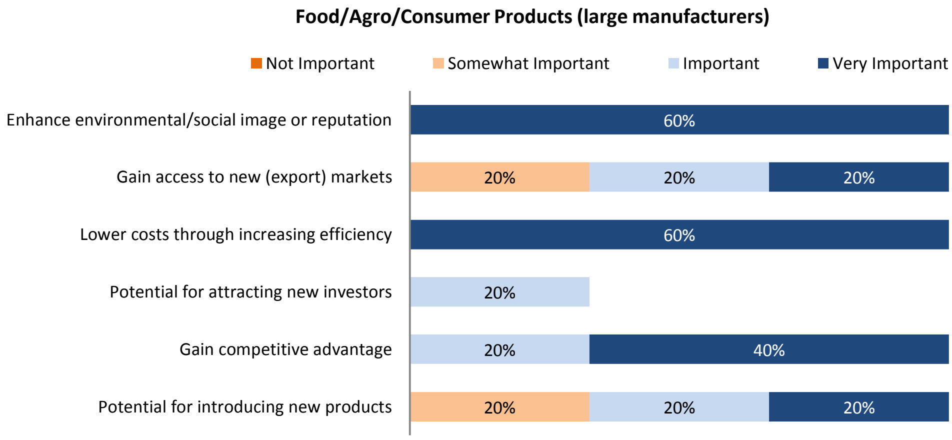
Admittedly, certain environmental factors (such as Acts of God) cannot be proactively managed; however, Indian firms in many parts of the country face seasonal and intensifying resource scarcity challenges. The willingness and ability of businesses to invest in management systems targeted at mitigating resource these issues has been established as a very strong signal to the investment community. While there is significant materiality attached to various resources, energy and water management have emerged as a major concern across many industries.

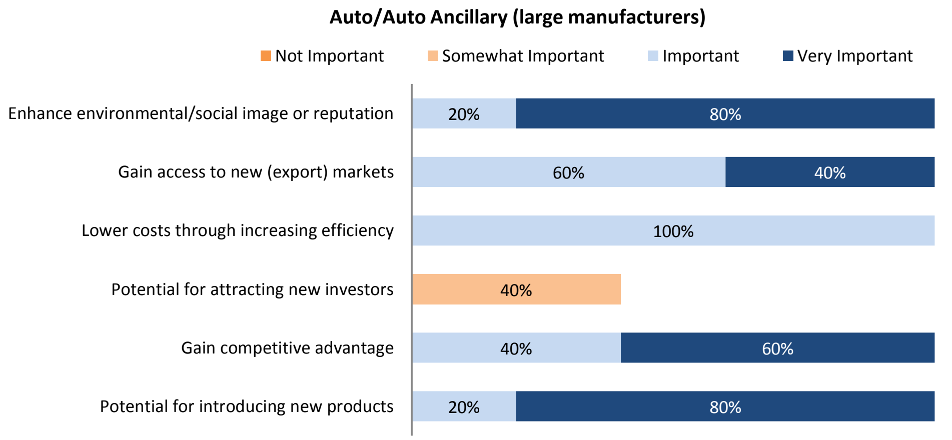
***Labor Disruptions***

A number of incidents in the past several years involving labor unrest, many involving considerable work stoppages, have vividly highlighted the need for more effective mechanisms through which to address labor issues in Indian industries. Labor challenges remain a largely sector/process specific; however, there are a number of labor-intensive industries which have been focused on adopting management systems which address best practices, these include: Textiles, Extractive Industries, Automotive/Automotive Ancillary, and Agriculture.

### 5.1.2 Managing ESG to Reduce Brand Risk

Data from previous investor research and the Industry Survey indicates that both businesses and investors exhibit concerns about the effect of negative ESG performance on their respective brands/reputations. Investors across a wide variety of asset classes (e.g., pension/mutual funds, DFIs, and private equity) indicated the relevance of this risk. The Industry Survey found that this risk can be unique to specific industries and kinds of products, potentially stemming from psychological associations with product quality and brand trust—which are significantly stronger for certain categories of products, such as users in Pharma/Chem and Food/Agro/Consumer Products):




### 5.1.3 Managing Supply Chain Risk through Enhanced ESG Disclosure

Major Indian investors and businesses agreed that SMEs (which comprise the supply chains of many corporate houses) are of particular interest because very little detailed information is available on their operations, with a specific focus on ESG challenges and risk exposure. Agreement was reached on the challenges facing SMEs to adopting enhanced ESG measurement, management and disclosure practices; investors and business noted that many SMEs face considerable challenges in managing daily business operations (e.g., staffing, sourcing, funding and basic compliance).

While some businesses cited supply chain programs which were beginning to engaging their SME vendors on ESG issues, the discoveries from these internal exercises did not appear to be reaching investors. This remains a serious concern among investors apprehensive about broadening their SME portfolios in a space where little data is available on which to model risk.

## 5.2 Investor Expectations on ESG performance Data

Despite the numerous institutions engaged in the promotion and proliferation of ESG disclosure frameworks, the Working Group has identified that there are several key areas where frameworks continually fall short of investor expectations for data they use in making investment decisions. Institutions which develop and promote disclosure frameworks will face mounting pressure to adapt to changing data demands from the market as businesses and investors begin to harmonize their views on the business case for ESG measurement, management and disclosure. Based on extensive engagement, the Working Group identified several core investor expectations for ESG data:

***Comparable and quantifiable data***

Though qualitative commentary is useful, quantifiable, metric driven data regarding ESG performance of businesses is more helpful for investors to incorporate in their due diligence and investment analysis. Also, comparability of data is crucial for producing performance benchmarks within industries to better understand firm-level achievements relative to competitors. Investors who attribute value to high ESG performance have indicated interest in evaluating year-on-year benchmarks for their portfolios and potential investments.

***Material information relevant for sectors/industries***

Numerous reporting frameworks have processes through which firms self-identify materiality/relevance of indicators for their sector/industry or have explicitly provided firms sector-specific guidelines for reporting. Materiality definitions tend to vary due to difference in interpretations and investors are typically only interested in examining indicators which are most relevant to the performance of a particular industry/sector in which the firm operates and is likely to influence the performance and sustainability of the firm.

***Reliable***

Investors desire comparable, quantifiable, and reliable ESG data which is readily accessible in a timely manner from businesses

Calls for the assurance and audit of ESG data were unanimous among the financial services and business ratings/analytics community. Even though there are some large firms who have started getting their ESG performance reports assured from third party vendors, there is currently no evidence of ESG audit for businesses. It was felt that the overall reporting burden for firms could be reduced by combining an ESG audit with the traditional financial auditing process.

***Timely***

For ESG data to be useful to investors it should be presented in a timely manner at intervals which align with the release of financial data (quarterly and annually). Currently, sustainability reports in India are produced annually or bi-annually, with a considerable and often unpredictable lag time.

***Accessible***

Some frameworks have embraced technology in order to make their data more accessible (and useful) by releasing eXtensible Business Reporting Language (XBRL) taxonomies or common online portals (e.g., MCA-21). The aggregation of data through centralized databases and the insertion of metadata components allow for data in reports to be tagged according to the relevant indicator; this greatly reduces the need for analysts to sift through sustainability reports manually aggregating data in order to create models, benchmarks and indices.

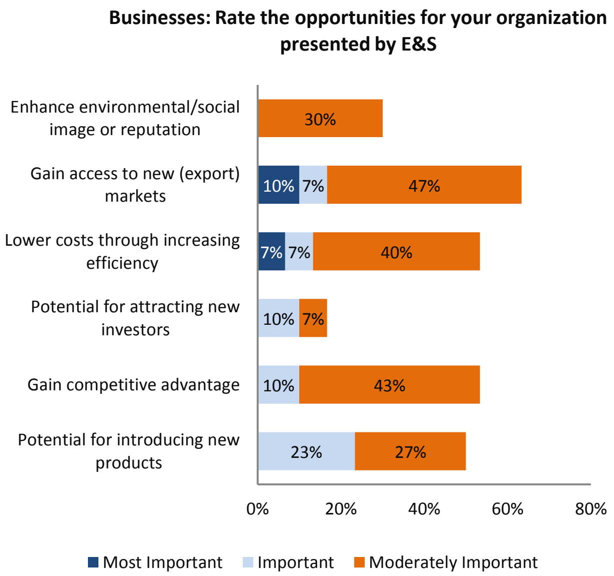
## 5.3 Perception Gap: Investors vs. Businesses

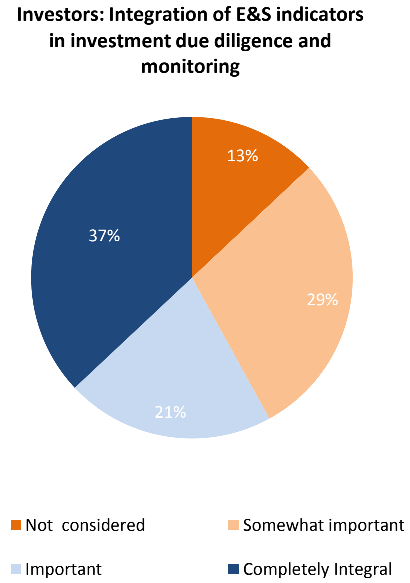
While businesses and investors have a desire to track ESG *performance* for similar reasons (e.g., reducing operational risk, investment philosophy and building brand image) there is a lack of clear communication between the two on the value of ESG *disclosure*. Despite 87% of investors citing their interest in ESG data, businesses have not properly identified the opportunity to attract investors through generating more comprehensive, public, ESG disclosure.

**Investors: Reasons to integrate E&S indicators in decision making**

In addition to the usefulness of ESG information from a risk management perspective, investors identified valuing ESG data for brand/reputation purposes. Research conducted by cKinetics in a study titled *Cracking the Conundrum*, when analyzed in the context of the Working Group's industry sampling data, highlights a dissonance between the expectations of investors and how businesses perceive investor interest on ESG disclosure.[6] This divergence exists despite both businesses and investors valuing ESG data primarily from an operational risk perspective. After reviewing the data and consulting with numerous stakeholders in the market, it has become clear that public ESG disclosure is lagging among Indian businesses despite investors indicating their interest in this information.

Public ESG disclosure is lagging among Indian businesses despite investors indicating their interest in this information




### 5.3.1 Differing perceptions amongst investors: Equity vs. Debt

Among Financial Institutions (both domestic and international) investing in India, equity investors have expressed the highest levels of interest in understanding how ESG management and disclosure systems mitigate material risks in their investments. Investor interest is rooted in the larger, longer term, stakes which equity investors in this space tend to take. A major concern voiced by equity players was their difficulty in accessing ESG data that is was of high quality and in a comparable format.

However, unlike equity investors, banks offering debt finance voiced their apprehension with requesting additional ESG data from firms seeking loans. While public sector banks noted they had in place checks for fulfilling basic regulatory compliance, there is a concern that mandating firms to supply ESG disclosure would be perceived by businesses as aggressive prying. The fear is that this, in turn, would create a race to the bottom in which businesses to would prefer to engage with banks with the least stringent due diligence processes.

While investors have expressed specific expectations around non-financial disclosure frameworks, various stakeholders in the market have indicated explicit recommendations on improving the content of ESG disclosure.

[6] http://www.cKinetics.com/crackingtheconundrum/

# 6 Market need for Enhancing uptake of ESG Disclosure and Reporting

The Working Group's extensive engagement with investors, businesses and institutions produced has produced a substantial body of targeted feedback on ESG disclosure frameworks. Extensive stakeholder consultations through the course of the study have yielded several common themes which the market identified and hoped to see addressed.

## 6.1 Need to Create Evidence Base

There is a need to demonstrate the opportunity and business case for increased ESG disclosure to both businesses and investors. This can be accomplished in several ways, these include:

- Creating case studies documenting business responsibility engagement and active ESG reporting and the benefits accrued by these activities
- Establishing forums for businesses and investors to discuss business responsibility issues and address mutual concerns
- Formulating a Voluntary code of conduct (CoC) for investors (lenders, equity investors, etc.) on how to operationalize ESG in their own operations and due-diligence processes

## 6.2 Simplify Reporting and Disclosure

Stakeholders expressed the need for increased handholding and guidance for businesses for ESG disclosure and reporting with respect to existing frameworks and requirements.

***Providing guidance on minimum disclosure***

Businesses as well as Institutions (ratings agencies, exchanges, etc.) highlighted the need for clearly defining expectations around minimum levels of ESG disclosure. Analysts, data aggregators and ratings agencies expressed a strong preference for the collection of numerical data which is comparable across firms and industries.

***Sector specific guidelines***

Investors and Businesses strongly supported the development of sectoral guidelines based on relevant ESG challenges in target industries. Businesses were keen on formulating a methodology for evaluating the materiality of ESG issues in the Indian context for specific sectors.

***Boundary definition***

Businesses expressed the need to clearly demarcate areas for which they are responsible for measuring, managing and disclosing on ESG parameters. Investors exhibited interest in creating areas for responsible action where efforts could be focused in order to create more accurate and consistent reporting. Without any formalized boundary definition, business are either i) not accountable due to a lack of clarity, or ii) held accountable for areas not under its direct control stemming from materiality issues.

***Comparable data***

Investors and ratings agencies expressed their concern with the difficulty in accessing data in a standardized, comparable, format. This not only made the due diligence process more time consuming and costly on a firm-level, but also impeded their ability to create industry benchmarks which feed into aggregations such as rankings and indices. The data requirement from the market is, broadly defined, measuring: the same data, in the same way, over similar time periods.

In conversations with some businesses there was interest in understanding their performance relative to industry benchmarks, while there was an equal share of firms which were concerned about these rankings being in the public domain. The existence of industry benchmarks would provide the opportunity for firms to distinguish themselves within the market and create competitive advantage

## 6.3 Assurance and Audit

Indian firms have engaged traditional financial auditors to perform third party assurance on both financial reports and increasingly on Business Responsibility Reports. The prevailing international frameworks adopted by larger India corporates are the International Standard on Assurance Engagements (ISAE) 3000 and AcountAbility's (AA) 10000 assurance standards.

However, in conversations with professional accounting organizations, business analytics firms and ratings agencies, individuals unanimously identified the need for clarity among businesses that ***assurance*** was not viewed by the market as a substitute for conducting an ***audit*** of non-financial disclosures. Market actors, including investors, were emphatic that all non-financial data should be assured and audited in the same manner as financial reporting. The audit of this data was stressed as a necessary condition for ensuring the market's trust in the efficacy of non-financial reporting.

# 7 Institutional Landscape for Promoting ESG Management and Disclosure

A broad spectrum of institutions are currently engaged in driving and facilitating the adoption of enhanced ESG measurement, management and disclosure systems. Core institutions playing in promoting the ESG agenda include: regulators, service providers, professional organizations, global voluntary disclosure frameworks, and exchanges.

The wide variety of institutional actors is accompanied by an equally varied landscape of incentives for Indian businesses to adopt more strenuous ESG measurement, management and disclosure. These incentives run the gamut from voluntary disclosure frameworks and capacity building to government regulation mandating disclosure.

**Regulatory Bodies**

- Ministry of Corporate Affairs (MCA)
- Indian Institute of Corporate Affairs (IICA)
- Securities Exchange Board of India (SEBI)
- Pollution Control Board(s)
- Ministry of Labor and Employment
- Ministry of Environment and Forests

**Professional Organizations**

- Institute of Cost Accountants of India
- Institute of Chartered Accountants of India
- Institute of Company Secretaries of India

**Global Voluntary Disclosure Frameworks**

- Global Reporting Initiative
- UN Global Compact
- UN Principles for Responsible Investment
- Carbon Disclosure Project

**Ratings Agencies and Business Analytics**

- CRISIL
- CARE Ratings
- India Ratings & Research
- SMERA Ratings

**Exchanges**

- Bombay Stock Exchange
- National Stock Exchange
- MCX-Stock Exchange

Incentives vary in the focus of metrics, industries targeted and the level of compulsion for businesses. Mandatory disclosure incentives tend to be targeted with technically specific metrics which accompany reporting to regulatory bodies on environmental, labor and corporate governance parameters. Institutions such as regulatory bodies drive disclosure on metrics most relevant to the specific Ministry's mission and mandate (Ministry of Environment and Forests and Pollution Control Boards are focused on collecting environmental data such as emissions and effluents while Ministry of Labour would be targeting labor issues like EHS norms, child/forced labor, unions/collective bargaining, etc.)

The distinct drawback with reporting to regulators is the distributed formats and physical location of reporting; data aggregation and digitization stands to improve accessibility to a vast wealth of ESG-related data previously lost in the various mechanisms of the Indian bureaucracy.

Voluntary frameworks tend to be sector-agnostic with more general metrics in order to promote widespread adoption (however, sector guidance documents are becoming increasingly prevalent). Voluntary disclosure frameworks, such as GRI 4.0, Carbon Disclosure Project etc. have the important benefit of providing standardized metrics, accounting for materiality and centralization. However, there are a number of issues presented by the voluntary nature of the frameworks and quality controlling audit) of the data disclosed beyond basic assurance statements.

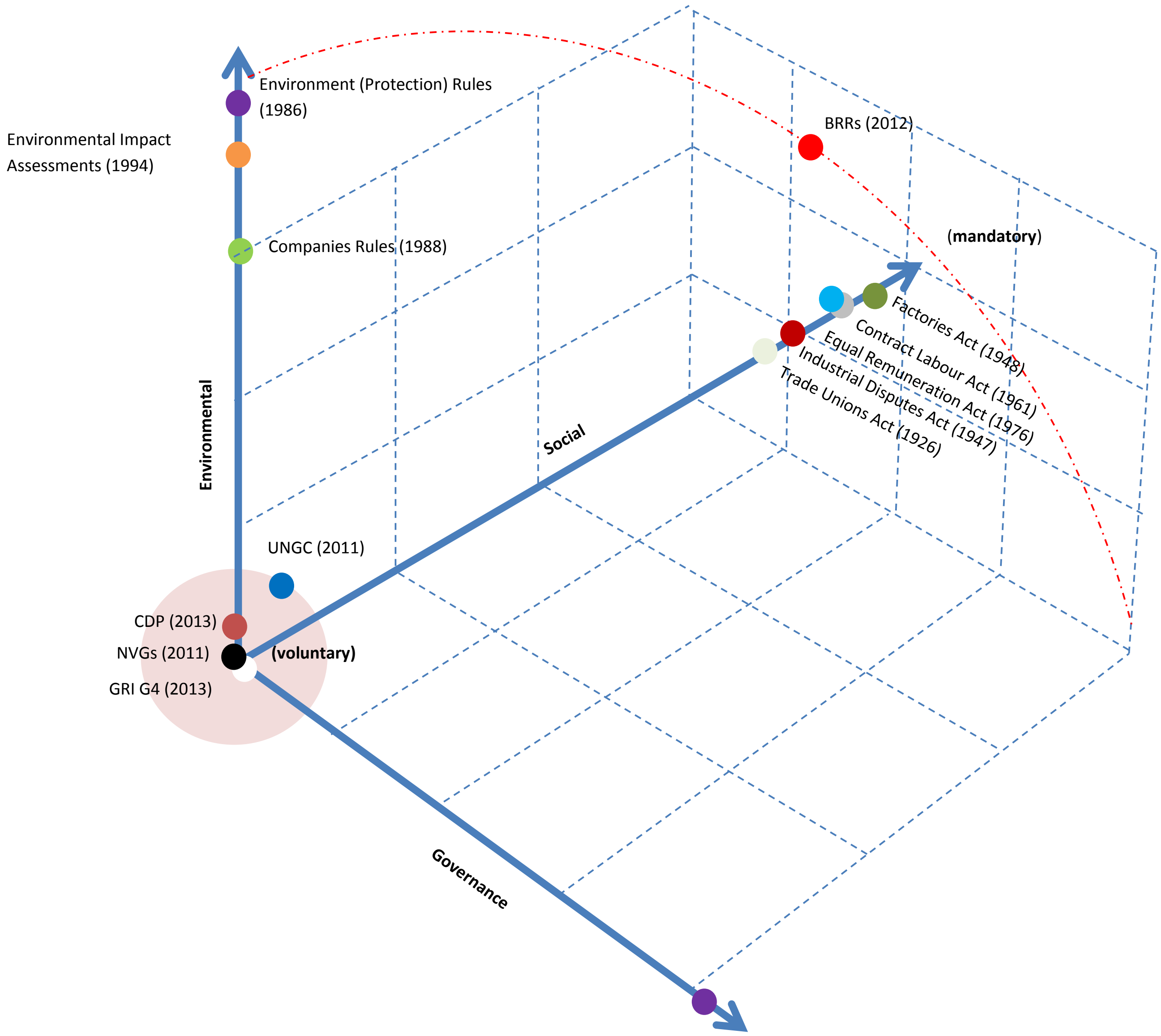



**Figure1: Incentive Landscape for ESG Disclosure in India**

SEBI's mandated Business Responsibility Report (BRR) disclosure framework is uniquely situated in the incentive landscape. Developed on the National Voluntary Guidelines, the BRR's focus is distinctly holistic for a mandatory disclosure framework across environmental, social and governance parameters. While there are critiques about specific elements of the BRR's execution, SEBI has indicated its willingness to consider future revisions based on stakeholder inputs.

## 7.1 Enhancing ESG disclosure amongst listed and unlisted businesses in India

A balanced approach which blends elements of incentives and compliance is needed in order to enhance ESG disclosure amongst businesses in India. In order to be effective, listed and unlisted firms will require distinctly different modes of engagement. A conducive ecosystem should be created which could both incentivize and empower businesses with the capacity to adopt enhanced ESG management systems and disclosure frameworks.

Greater institutional collaboration is required between all parties engaged in promoting ESG disclosure among Indian businesses. Several key government regulators have indicated their openness to stakeholder engagement, what is needed now is the creation of consensus between core market actors such as businesses, investors and service providers. Without clear consensus the space will remain fragmented with various voluntary frameworks competing for adoption while some firms, overwhelmed with the prospect of additional reporting burden and unsure about the benefits of disclosure, disengage from the conversation.

### 7.1.1 Enhancing Disclosure through Compliance: Outlook for SEBI Mandate Expanding beyond the Top 100

Through its board resolution passed on November 24th, 2011, the Securities and Exchange Board of India (SEBI), mandated the top 100 listed companies to report on Environmental, Social and Governance (ESG) initiatives undertaken by them through a Business Responsibility (BR) report which would form part of a company's annual reports/filings.

All stakeholders (businesses, investors, institutions, catalyst organizations etc.) held a consensus view that the mandate by SEBI Business Responsibility Report (BRR) should be extended beyond the top 100 listed firms in the country.

The stakeholders (businesses, investors, institutions, catalyst organizations etc.) held a consensus view that the mandate by SEBI should be extended beyond the top 100 listed firms in the country. Businesses, especially those who come in the top 100 listed category want a level playing field and therefore would prefer if the mandate gets extended beyond the top 100. Investors also feel the need of accessing more ESG data than just the specified 100 firms and thus are interested in seeing the mandate extended.

There was agreement that this could broadly be expanded through either:

- Extending the mandate to all listed firms
- Pegging the BRR mandate to listed firms meeting the criteria developed for the Companies Bill CSR Clause (i.e., companies with net worth > Rs. 500 crore, turnover > Rs. 1,000, or net profit > Rs. 5 crore)

While institutional players (voluntary disclosure frameworks, ratings agencies, exchanges, etc.) agreed that the mandate should be extended, to "all listed," there was less clarity on the details of this process. There was strong consensus, however, that the process would have to be iterative, phased, staggered and include a strong review/feedback process. Concerns were raised with the necessity of capacity building for firms outside of the top 100.

### 7.1.2 Other Non-Monetary Incentives Needed to Enhance ESG Disclosure

Non-monetary incentives are needed to encourage Indian firms to take action on ESG measurement, management and disclosure. Stakeholder engagement produced several common opportunities for leveraging existing institutions and incentive structures.

***Capacity building***

Across the board, stakeholders identified the acute need for capacity building within Indian firms and institutions. The primary concern focused on the preparedness of businesses outside the top 100 to adopt enhanced ESG measurement, management and disclosure systems. Some institutions (including government and catalyst organizations) have already started providing training programs for business responsibility disclosure and reporting. The Indian Institute of Corporate Affairs (IICA) has been providing initial training workshops for corporates within the top 100 on the SEBI BRR framework.

The Institute for Cost Accountants of India (ICAI) has been working to advance the integrated reporting agenda, developing water accounting standards and providing training to accounting professionals on integrated reporting. ICAI's technical expertise in accounting coupled with its existing training infrastructure present a significant institutional partner in facilitating the adoption of enhanced ESG measurement, management and disclosure. However, a substantial effort would be required to engage a more significant sample size.

***Collaborative Platforms***

Investors and businesses identified the desire for additional well-moderated forums to facilitate robust discussions on business responsibility issues and to address mutual concerns. There was a high-level of

interest in formalizing expectations between these two stakeholders around ESG management and disclosure challenges.
Some of the other activities needed to enhance ESG disclosure amongst unlisted businesses in India include:

- Formulating sector-specific guidelines on ESG disclosure which will take into account performance indicators material to each sector
- Increasing clarity regarding what to disclose by defining ESG metrics with greater detail by describing minimum information requirements
- Simplifying the reporting process by standardizing disclosure timing and formats for businesses (including regulatory disclosure)
- Engaging central and state-level regulators in the conversation around promoting ESG management/disclosure
- Creating non-monetary incentives such as rewards and recognition for businesses with good disclosure practices

## 7.2 Leveraging institutional linkages to promote ESG action and disclosure

Institutions will play a key role in advocating the business case and need for enhanced ESG disclosure amongst businesses in India.

Indian firms are currently engaged in various degrees of reporting to regulators based on areas of ESG compliance. While work has been done in this area to identify the regulatory overlaps, more substantive efforts are needed to begin building infrastructure linking data at the institutional level (e.g., a web portal solution which facilitates inter-Ministerial ESG data aggregation—mining data from public record compliance reporting).

Business analytics firms and ratings agencies currently engaged in aggregating ESG data and producing both indices represent important institutional partners in building a more robust data ecosystem for ESG disclosure. As the primary consumers of business reporting, these firms possess well-formed insights into “what works” in disclosure. The creation and maintenance of strong, competitive, ESG indices in India could represent a unique opportunity for firms to differentiate themselves in the market.

Trade associations, voluntary disclosure frameworks, and standard setting bodies can play a role in providing much needed visibility and promotion of Indian businesses’ initiatives on ESG management and disclosure. Through the creation of awards, case studies and partnerships these organizations can positively reinforce ESG activities undertaken by firms through generating media attention and disseminating a body of relevant technical literature.

# 8 Road Ahead and Areas for Future Work

cKinetics will continue to engage with stakeholders including businesses, investors, catalyst organizations, service providers and policy makers to increase the prevalence and preparedness of ESG management and disclosure amongst Indian businesses and mainstream sustainability in business operations. In 2014, we propose to delve deeper into few areas to include:

### Building the business case for ESG action and disclosure

The SBLF working group in 2013 identified the need by businesses, investors and policy makers to document case studies which can be profiled and propagated. Members participating in the SBLF 2014 Working Group will have an opportunity to share their business responsibility actions (or that of their clients), their journey, the challenges faced and benefits realized etc. with a special focus on investment linkages to increased sustainability disclosure. The compendium will provide evidence for the hypothesis that non-financial performance of a firm on business responsibility actions does impact the decision making of investors and firms performing well on ESG are sustainable and profitable in the long term.

### Assessing the ESG management and disclosure practices of supply chains

Among firms in the target sectors there is a need to conduct a comprehensive analysis of existing engagement within supply chains on ESG management and disclosure.[7] This component would build on the 2013 Industry Survey to provide a sophisticated landscape analysis of strengths and weaknesses among core suppliers and identify gaps where firms can actively engage their vendors to reduce supply chain disruptions and attract investment capital.

### Trends on ESG disclosure and reporting by top 100 listed companies

The 2014 Working Group proposes to conduct in-depth quantitative and qualitative analysis of ESG disclosure by the top 100 listed companies in India drawing from all publicly available data over the last four years including their mandated Annual Business Responsibility Reports (BRR).
Data would be analyzed, where available, for a four year time period 2009-2013. Aggregating and analyzing this data would create a detailed evidence base to help track prior action and guide future efforts to promote enhanced ESG management and disclosure strategies.

### Create a toolkit/ guidebook for investors on how they can get and use ESG information from businesses

Our work in 2013 has shown a disconnect between companies and the investors (especially equity investors): where companies have the information and feel that investors don't value it and hence not disclosing. Given the spaghetti of standards out there, identifying what ought to be used and some sort of a mapping between the different standards would help investors incorporate ESG performance in their due diligence and assessment of portfolio companies in a comprehensive and standardized manner.

[7] (Pharmaceuticals/Chemicals, Automotive and Automotive Ancillary, Agro/Food Processing and Consumer Products)

## Stay engaged

Outlined below are reasons for you to engage and should you wish to do so, please contact us.

| We are looking to engage with ... | Who are looking to…. |
|---|---|
| **Businesses** | • Adopt sustainability disclosure and reporting and (a) build the case within their organization; (b) outline how they can go about implementing responsible business actions and reporting<br>• (a) understand and mitigate the operational risk associated with their supply chain, (b) meet mandatory disclosure requirements/sustainability agendas of their buyers/customers |
| **Investors** | • Value sustainability performance of a prospective investee while conducting their investment due diligence/analysis.<br>• Highlight the importance of business responsibility actions and reporting to their portfolio companies |
| **Service providers** | • (Data aggregators /service providers that have EHS / ESG reporting solutions) - better understand the existing landscape of ESG disclosure and reporting metrics amongst top Indian businesses to improve and customize their offering.<br>• (Assurance and audit service providers) – better meet the emerging needs of the market around ESG management and disclosure.<br>• (Public Relations (PR) firms) - create sustainability reports to become better equipped to meet their clients' needs by understanding the ESG management and disclosure position of competitors/peers. |
| **Catalyst Organizations** | • Increase awareness, build evidence for creating a business case in ESG management and disclosure for businesses, investors and policy makers and enhance the uptake for sustainability disclosure and reporting |

To learn more about our work in sustainability management and disclosure, please visit: http://SBLF.SustainabilityOutlook.in/about-the-forum/sustainability-disclosure-and-reporting

# Annexures

## Annexure 1: Landscape of Legislation Incentivizing ESG Disclosure

| Date | Policy | Institution(s) | Area of Disclosure | Details |
|---|---|---|---|---|
| 1947 | Industrial Disputes Act | Ministry of Labour and Employment | Labour | *Provides for the investigation and settlement of industrial disputes in an industrial establishment relating to lockouts, layoffs, retrenchment etc. It provides the machinery for the reconciliation and adjudication of disputes or differences between the employees and the employers. Industrial undertaking includes an undertaking carrying any business, trade, manufacture etc.* |
| 1948 | The Factories Act | Inspectorates of Factories under the control of each State Labour Departments enforce the Factories Act | Labour | *The Act is instrumental in strengthening the provisions relating to safety and health at work, providing for statutory health surveys, requiring appointment of safety officers, establishment of canteen, crèches, and welfare committees etc. in large factories. The said Act also provides specific safe guards against use and handling of hazardous substance by occupiers of factories and laying down of emergency standards and measures.* |
| 1953 | The Shops & Establishment Act | State Labour Commissioners | Labour | *This Act lays down the following rules:*<br>*1) Working hours per day and week.*<br>*2) Guidelines for spread-over, rest interval, opening and closing hours, closed days, national and religious holidays, overtime work.*<br>*3) Employment of children, young persons and women.*<br>*4) Rules for annual leave, maternity leave, sickness and casual leave, etc.*<br>*5) Rules for employment and termination of service.* |
| 1974 | Water (Prevention and Control of Pollution) Act | Ministry of Environment and Forests / Central Pollution Control Board | Emissions (water) | *An Act to provide for the prevention and control of water pollution and the maintaining or restoring of wholesomeness of water, for the establishment, with a view to carrying out the purposes aforesaid, of Boards for the prevention and control of water pollution, for conferring on and assigning to such Boards powers and functions relating thereto and for matters connected therewith.* |
| 1981 | Air (Prevention and Control of Pollution) Act | Ministry of Environment and Forests / Central Pollution Control Board | Emissions (air) | *An Act to provide for the prevention, control and abatement of air pollution, for the establishment, with a view to carrying out the aforesaid purposes, of Boards, for conferring on and assigning to such Boards powers and functions relating thereto and for matters connected therewith.* |
| 1986 | Environment (Protection) Act | Ministry of Environment and Forests / Central Pollution Control Board | Emissions and Hazardous Materials | *(Followed in the wake of the Bhopal Gas Tragedy)*<br><br>*Filled gaps in existing environmental legislation focused on hazardous substances and coordinate the efforts of various government ministries overseeing environmental regulation.*<br><br>*Key sections: General Powers of the Central Gov't & Prevention, Control and Abatement of Environmental Pollution*<br><br>*Sets industry specific standards for Concentration Limits in the section titled, "Standards for Emission or Discharge of Environmental Pollutants: Schedule 1 (See rule 3)"* |
| 1989 | Companies (Disclosure / reporting of Particulars in the Report of Board of Directors) Rules, 1988 | Ministry of Corporate Affairs (MCA) | Energy Conservation | *Mandatory disclosure / reporting in annual report on the following:*[8]<br>*A) Conservation of Energy ("Form A") *note: applicable to only 21 specified industries namely i)B) Technology Absorption and ii)C) Foreign exchange*<br>*Note: this is usually presented in Annual Reports as Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure / reporting of Particulars in the Report of Directors) Rules* |
| 1994 | Environmental Impact Assessments | Ministry of Environment and Forests (MoEF) | Emissions (water/air), Misc. Environment | *Indian Wildlife(Protection) Act, 1972*[9]<br>*Water Act, 1974*[10]<br>*Air (Prevention and Control of Pollution) Act, 1981*[11] |

[8]Website, Ministry of Corporate Affairs; Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 http://www.mca.gov.in/Ministry/actsbills/rules/CDoPitRoBoDR1988.pdf
[9]Website, Ministry of Environment and Forest; THE INDIAN WILDLIFE (PROTECTION) ACT, 1972; http://envfor.nic.in/legis/wildlife/wildlife1.html
[10] Website; Central Pollution Control Board; www.cpcb.nic.in/upload/NewItems/(1)%20Wateract1974%20.doc

| Date | Policy | Institution(s) | Area of Disclosure | Details |
|---|---|---|---|---|
| 2006 | Revised EIA notified | Central/State Pollution Control Boards<br>Ministry of Environment and Forests (MoEF) | | *Environment (Protection) Act, 1986*[12]<br>*Includes 7 additional sectors (total = 39)* |
| 2000 | Clause 49 of the Listing Agreement (modification) | Securities and Exchange Board of India (SEBI) | Corporate Governance | *SEBI Clause 49 to incorporate recommendations of its Committee on Corporate Governance and public feedback:*[13] *This clause comprises a set of mandatory and recommendatory guidelines, helping companies align with global governance standards* |
| 2003 | Charter on Corporate Responsibility for Environmental Protection (CREP) | Ministry of Environment and Forests (MoEF),<br><br>Central Pollution Control Boards | Misc. Environmental Indicators | *Sets targets concerning conservation of water, energy, recovery of chemicals, reduction in pollution, elimination of toxic pollutants, process & management of residues that are required to be disposed of in an environmentally sound manner"*[14]<br>*targeted 17 categories of industries (heavy polluters)* |
| 2010 | Guidelines on Corporate Social Responsibility for Central Public Sector Enterprises (CPSEs) | Department of Public Enterprises | Community Engagement | *Stipulates how much CPSEs should invest in their CSR programs (mandates set from 0.5% to 5% of profit depending on net profit)*[15] |
| 2011 | NVG | Ministry of Corporate Affairs (MCA) | Misc. | *9 principles to guide businesses in integrating responsibility into their core business operations* |
| 2012 | Business Responsibility Report (framework released) | Securities and Exchange Board of India (SEBI) | Misc. | *SEBI officially mandates filing of BRR reports by top 100 firms (notified in Circular)*[16] |
| 2012 | (Draft) Institutionalizing Corporate Environmental Responsibility | Ministry of Environment and Forests (MoEF) | Misc. Environmental Indicators | *Corporate Environmental Policy for corporate houses, public sector undertakings and companies*[17]*. Builds upon the National Voluntary Guidelines (NVGs)* |
| 2013 | New "Guidelines on Corporate Social Responsibility and Sustainability for CPSEs" | Department of Public Enterprises | Community Engagement | *"...under the revised guidelines, CPSEs are expected to formulate their policies with a balanced emphasis on all aspects of CSR and Sustainability – equally with regard to their internal operations, activities and processes, as well as in their response to externalities."*[18] |
| 2013 | Chapter XI | Ministry of Corporate Affairs (MCA) | Corporate Governance | *Companies Act, 2013*<br><br>*"Appointment and Qualifications of Directors"*<br>*Clauses 149-172*<br><br>*"Meetings of Board and Its Powers"*<br>*Clauses 173-195* |

[11] Website, Ministry of Environment and Forest; Air (Prevention and Control of Pollution) Act, 1981; http://envfor.nic.in/legis/air/air1.html
[12] Website, Ministry of Environment and Forest; Environment (Protection) Act, 1986; http://www.envfor.nic.in/legis/env/env1.html
[13] Website; Securities and Exchange Board of India; http://www.sebi.gov.in/commreport/clause49.html
[14] Website; Central Pollution Control Board; http://www.cpcb.nic.in/divisionsofheadoffice/pci3/Important_projects.pdf
[15] Website; Department of Public Enterprises; http://www.dpemou.nic.in/MOUFiles/Revised_CSR_Guidelines.pdf
[16] Website; Securities and Exchange Board of India; http://www.sebi.gov.in/cms/sebi_data/attachdocs/1344915990072.pdf
[17] Website; Ministry of Environment and Forests; http://moef.nic.in/downloads/public-information/notif-18052012-2a.pdf
[18] Website; Department of Public Enterprises; http://www.dpemou.nic.in/MOUFiles/Revised_CSR_Guidelines.pdf

## Annexure 2: Stakeholders engaged in the study

The working group is thankful to the several stakeholders and participants engaged in the 2013 landscape assessment.

| Participants | Organizations |
|---|---|
| **Businesses** | |
| A.N. Singh | Celestial Labs |
| Akanksha Sharma | Jubilant Foodworks Ltd. |
| Alka Talwar | Tata Chemicals Limited |
| Anchal Khera | Reckitt Benckiser |
| Ashish Thakar | ITC |
| Ashok Rao | Automotive Axle |
| Beroz Gazdar | Mahindra Mahindra |
| Charu Jain | Dystar |
| DA Dananjayan | TVS Motors |
| Dave Challis | Reckitt Benckiser |
| Devdas Baliga | Coca-Cola |
| Divya Ramraika | Star Engineeers India |
| Dr. Kanishtha Tuli Sharma | Cummins |
| Harshita Pande | Apollo Tyres |
| Ishteyaque Amjad | Cargill India |
| Jaideep Gokhale | Tetra Pak |
| JK Tyre | A.K. Pamecha |
| K. Chandrasekhar | Mahindra Mahindra |
| Lalit Malik | Dabur |
| M.B. Chinappa | Biocon |
| Manoj Gupta | ANG Industries |
| Meeta Singh | Hindustan Unilever |
| Neelima Khetan | Coca-Cola |
| Peter D'Souza | Tata Motors |
| Pradeep Banerjee | Hindustan Unilever |
| Rajiv Batra | Cummins |
| Ranjit Singh | Maruti Suzuki |
| Ravi Sud | Hero Motocorp |
| Roshan Tamak | Olam |
| Sanjay Choudhary | Tata Chemicals |
| Sanjib Bezbaroa | ITC |
| Sanket Vakhariya | Essar Steel |
| Shankar Rajagopalan | Dr. Reddy's Labs |
| Siraj Chaudhry | Cargill India |
| SK Kaushik | UFLEX |
| Srivats Ram | Wheels India |
| Suresh Tanwar | Tata Motors |
| Vijay Sardana | United Phosphorus Limited |
| **Investors** | |
| Aloke Sengupta | IDBI Bank |
| Arunavo Mukerjee | Tata Cleantech Capital |
| Ashok Emani | IDFC |
| Hemendra Mathur | SEAF |
| N Sunil Kumar | Royal  Bank of Scotland N.V |
| Padmaja Nair | State Bank of India |
| Sandeep Farias | Elevar Equity |
| V Chandrashekhar | IL&FS |
| **Institutions** | |
| Aditi Haldar | Global Reporting Initiative (GRI) |
| Dr. Bhaskar Chatterjee | Indian Institute of Corporate Affairs (IICA) |
| Damandeep Singh | Carbon Disclosure Project (CDP) |
| Dr. SK Gupta | Institute of Cost Accountants of India (ICAI) |
| Gayatri Subramaniam | Indian Institute of Corporate Affairs |
| Girish Joshi | Bombay Stock Exchange (BSE) |
| Jasmeen Kaur | CARE Ratings |
| Khushro Balsara | Bombay Stock Exchange (NSE) |
| Manoj Arora | Ministry of Finance |
| Mukesh Agarwal | CRISIL |
| Navin Jain | CARE Ratings |
| Neha Kumar | GIZ |
| Poonam Madan | Independent Consultant |
| Pooran Pandey | UN Global Compact (UNGC) |
| Rajender Singh Walia | CARE Ratings |
| Rakesh Singh | Institute of Cost Accountants of India (ICAI) |
| Rana Usman | National Stock Exchange (NSE) |
| Sanjay Kher | SMERA Ratings |
| Sunil Sinha | India Ratings & Research |
| Tarun Bansal | India Ratings & Research |
| V. S. Sundaresan | Securities and Exchange Board of India (SEBI) |
| V. Shunmugam | MCX Stock Exchange |

## About Sustainable Business Leadership Forum

Sustainable Business Leadership Forum (SBLF) is an **invitation-only** Indian industry focused market development platform which equips organizations, managers and industry stakeholders on the ‘how’ of sustainability through a unique programmatic approach comprising of round the year programs and ‘on-ground industry oriented’ work.

Instituted by Sustainability Outlook, the leading information marketplace on sustainability action, SBLF enables a unique exchange of thought leadership, business know-how and catalytic tools for enabling corporate transition towards sustainable business practices.

Based on membership inputs and requests for focused research, the Forum facilitates creation of Industry Task Forces guided by industry catalysts and corporates. The advantages of members working as a group on common issues are:

- Build shared insight on sometimes, complex issues
- Pool in resources with other like-minded agencies and institutions
- Generate attention from the relevant customers, stakeholders, etc. that is larger than if done by members individually.

The various task forces under SBLF are currently pursuing topical research in the areas of:

- Resource Efficiency and Management with focus on
    - Working with utilities for catalyzing demand side management initiatives for promoting energy efficiency practices
    - Shaping Decentralized Renewable Energy Systems for Industrial and Rural energy usage
- Sustainability Disclosure and Reporting with specific focus on
    - Pathways to leverage policy initiatives such as the National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business
- Sustainable Consumption with specific focus on e-waste management in the consumer electronics segment

The Forum members are empowered through regular updates, research reports and issue briefs on key drivers, policy mandates and emerging market opportunities impacting the sustainability agenda. In addition, the Forum convenes several industry interaction sessions including its flagship annual summit where members have an opportunity to engage with each other as also other key stakeholders on sustainability challenges, best practices and innovation.

To learn more please visit: http://SBLF.SustainabilityOutlook.in/

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