ESG

Is *S* the Blindspot in ESG?

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Introduction

India has made strides in the ESG field. While that is good news, the unfortunate thing is that it is being viewed and adopted as a compliance mandate. Something that has to be tick-boxed instead of being a **PURPOSE**-driven initiative. Safeguarding the natural resources and making Mother Earth a habitable place has to be the focal point while balancing profits.

However, the nation is still far from achieving all of the UN SDGs, the majority of which encompass ESG. India has its own challenges when it comes to ESG regulations. The first and foremost is that the regulations are fragmented under different heads. This causes misunderstandings, errors in judgment, and occasionally confusion. However, industry groups are lobbying for a single regulation.

While environmental concerns have captured significant corporate attention, the social *(S)* and governance **(G)** components of ESG have often been overshadowed. This could be the potential reason for slow growth in the segment. Nonetheless, over the last few years, there has been progress in CSR initiatives. The growth in the *S* factor has also improved as a result of greater awareness and supportive policies.

A cursory glance at the BRSR reports of the listed companies indicates that most of them confuse social factors with corporate social responsibility. This needs to change. Other factors like diversity and inclusion, employee welfare, and human rights must get equal significance. We expect that this change will occur soon as a result of growing awareness and compliance requirements.

India has been working on components that fall under the *S* factor for the past few years. These include enhancing last-mile infrastructure, women's empowerment, community development, water and sanitation, and gender diversity and inclusion. A few of these programs have helped the nation move up the social scale.

However, as our survey and secondary data indicate, India still has a long way to go before the *S* factor gains prominence.

> **While environmental concerns have captured significant corporate attention, the social (*S*) and governance (*G*) components of ESG have often been overshadowed**

According to the 2024 Global Gender Gap Index of the 146 countries, India ranked 129th, down two places from 2023. Although India's gender gap closed by 64.1% in 2024, the drop in the country's ranking was due to declines in educational attainment and political empowerment.

It is imperative that the corporate actions and impacts align with the United Nations Sustainable Development Goals. A framework that allows collaborative global efforts to measure, protect, and address various inequalities.

This report, as its name implies, focuses on a number of components that fall under the social component of ESG.

As per the report, India has one of the lowest levels of economic gender parity, with women earning an average of 39.8 rupees for every 100 rupees earned by men. Likewise, disparity exists in all elements of social factors.

UN SDGs

Environment

| 6 CLEAN WATER AND SANITATION | 7 AFFORDABLE AND CLEAN ENERGY | 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE | 11 SUSTAINABLE CITIES AND COMMUNITIES | 12 RESPONSIBLE CONSUMPTION AND PRODUCTION | 13 CLIMATE ACTION |

| 14 LIFE BELOW WATER | 15 LIFE ON LAND |

Social

| 1 NO POVERTY | 2 ZERO HUNGER | 3 GOOD HEALTH AND WELL-BEING | 4 QUALITY EDUCATION | 5 GENDER EQUALITY | 6 CLEAN WATER AND SANITATION |

| 8 DECENT WORK AND ECONOMIC GROWTH | 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE | 10 REDUCED INEQUALITIES | 12 RESPONSIBLE CONSUMPTION AND PRODUCTION | 16 PEACE, JUSTICE AND STRONG INSTITUTIONS |

Governance

| 5 GENDER EQUALITY | 8 DECENT WORK AND ECONOMIC GROWTH | 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE | 11 SUSTAINABLE CITIES AND COMMUNITIES | 12 RESPONSIBLE CONSUMPTION AND PRODUCTION |

| 13 CLIMATE ACTION | 16 PEACE, JUSTICE AND STRONG INSTITUTIONS | 17 PARTNERSHIPS FOR THE GOALS |

Preface

Regarded as the most overlooked component in ESG, the **"S"** or social aspect, is often overshadowed by environmental and governance components. Then, why is the focus on social issues so important? Especially since issues like DEI, equitable employment opportunities, employee welfare, and community development are often subsumed under the governance and environmental components of ESG.

The majority of the corporations have dedicated vast resources—both financial and human towards their CSR activities. The outcomes are fantastic, and the impact stories encourage entities in the CSR space to aim higher. The goal is to connect these initiatives with overarching sustainability efforts, which is a welcome move.

And yet, there is a disconnect. The corporates are aligning their CSR initiatives as the main focus to the **S** factor. There is a potential fear of neglecting the other elements of Social at the board level, such as diversity, gender ratio in the workforce, opportunities for persons with disabilities, compatible infrastructure, employee welfare, and other factors defined under the social bracket of ESG.

Most CSR initiatives focus on a single aspect (community) of the social impact. Whereas the approach should be holistic, address the overall well-being of the employees, their families and also the community at large. Progress should not be limited to quarterly team visits and planned activities but must involve continuous engagement between the benefactor and the beneficiaries. Such endeavors do not yield instant results and may sometimes deviate from the intended course despite the significant effort, time, and resources invested.

As a result, CSR is a component of an organization's social factor but does not cover the entire purpose defined under the Social component of ESG. (governance and economic initiatives are driven by legal and regulatory requirements).

A look at the BRSR reports of the top listed companies on the Bombay Stock Exchange offers insight into the weightage that large organizations place on the social impact of the **S** factor in ESG.

A 2004 report from the **United Nations – Who Cares Wins** – which first mentioned ESG, and subsequent upgrades, highlights that the context of the social impact was not to undermine an organization, pass judgments, or be critical of a corporate policy, but to build a collective conscious and provide equal opportunities to all, in all walks of life.

> **"**
> **CSR is a component of an organization's social factor but does not cover the entire purpose defined under the Social of ESG "**

Methodology

Being in the industry is beneficial. Being in the thick of things is more beneficial!

Although we have read innumerable articles, white papers, and case studies highlighting global organizations' focus and ESG initiatives, we found that the Social component was copiously lacking.

Our survey and the report titled, *Is S The Blindspot in ESG?* uses feedback from CXOs from the SMBs, large Indian enterprises, and MNCs across industries. The 53-question survey was launched in September 2023 and ended in March 2024. The responses reveal a great deal about how the Indian business is shifting its attention back to the social aspect of ESG. It's true, dear reader—*S* is no longer an anathema.

The survey is a synchronized effort to include the internal and external stakeholders, learn about the inclusive policies, and provide as granular details as possible about our findings. We also referenced some external sources and used the secondary data (publicly available) to identify and distinguish trends. We say so since this is our maiden effort in this field.

We found many organizations wrote eloquently about their CSR activities and provided specific information about the impact of these activities on communities. These initiatives were primarily directed at external stakeholders during significant periods, primarily those impacted by the industry in a specific area.

Besides text, the data has been presented in the form of graphics and other representations for ease of understanding. Experts from the industry also contributed, further validating our findings.

Our survey included a complex set of narrative and multiple-choice questions. Our respondents patiently answered each question. The questions were categorized into the following sections:

- Gender parity
- Organizational structure
- ESG report publication
- The Social criteria
- Stakeholder communication
- Transparency
- Data and data custodian
- DEI
- Employee welfare
- Accountability

> **We found many organizations wrote eloquently about their CSR activities and provided specific information about the impact of these activities on communities. These initiatives were directed at external stakeholders during significant periods, primarily those impacted by the industry in a specific area**

- Community
- Measuring social impact
- Impact and brand image

The questions were expanded upon to gather micro-data to evaluate how ESG is changing the social component of compliance. This also assisted us in determining whether the top-down strategy was producing the intended outcome.

Moreover, the survey highlighted gender inequality as the biggest disparity. Let's begin by discussing gender parity in the workforce.

Sample question for design

Name

Organization

Designation

Type of Business

Region:

Nature of enterprise

Do you publish an ESG report?

Please provide numbers for all function mentioned below

WRITE data for both MALE and FEMALE in the answer session

a) Support

1) Males

2) Females

b) Production

1) Males

2) Females

c) HR

1) Males

2) Females

d Finance

1) Males

2) Females

e) Sales

1) Males

2) Females

f) Marketing and Promotion

1) Males

2) Females

g) IT

1) Males

2) Females

h) Board of Directors

1) Males

2) Females

i) Leadership Team

1) Males

2) Female

DEI:

1) What is the definition of diversity in your organization?

2) How does DEI align with the overall strategy of your company?

3) Do you have a special budget allocation for DEI?

4) What are the aspects that you bear in mind to influence supplier diversity/customer influence?

5) Your strategic intent of diversity includes

6) Which are the most diverse departments in your organization?

7) What is the infrastructure support provided for persons with disabilities?

Employee Welfare:

a) How does your organization ensure pay parity?

b) What are the steps taken to prevent child labour and forced labour within and outside your organization?

c) What are the steps taken to ensure the health and safety of all employees?

d) How do you address exploitation at the workplace?

e) Additional facilities

f) Provide details of the attrition rate among the employees across functions.

The Partnership

It was a spark during one of our frequent brainstorming meetings with our mentor, Mr. Ashok Pamidi. It developed into an in-depth study of the social component. The initial discussion transitioned into a fruitful collaboration between WriteCanvas and Ms Manasa Nagabhushanam, CEO, The DEI Committee of the ASSOCHAM South Chapter. The MS Ramiah Institute of Management joined the endeavor as a knowledge partner at a later stage.

The effort included thorough discussions during the brainstorming sessions, constructive arguments, and research. This enabled us to develop a granular questionnaire. Our intent was not to lock all the aspects of *S* under one bracket, but to piece together all the layers that are often disregarded or are undervalued, and yet are a critical element of the Social component.

We received encouraging responses from the MNCs, large corporates as well as the MSME segments. The healthy mix provides an almost realistic picture of the ESG strategies in organizations and the shifting perspective towards the Social component.

> **Our intent was not to lock all the aspects of *S* under one bracket, but to piece together all the layers that are often disregarded or are undervalued, and yet are a critical element of the Social Impact component**

Acknowledgements

ASSOCHAM and WriteCanvas take this opportunity to thank Mr. Ashok Pamidi, who mentored us throughout the project.

We extend our gratitude to Mr. Anilkumar M, Assistant Professor at the Ramaiah Institute of Management, Bengaluru, for his active engagement in data analysis and report writing.

We also express our appreciation to Dr. V. Padmaja, Professor at the Ramaiah Institute of Management, Bengaluru, for her role in identifying key companies and facilitating data collection.

We value the time taken out by each stakeholder who diligently responded to our questions. We also want to express gratitude to our well wishers.

The First Word

S Factor implementation will change the landscape

Renjini Liza Varghese
CEO, WriteCanvas

First of all, a word of appreciation for all the companies that have implemented ESG even before India started talking about compliance.

The **S** factor is gaining prominence with the increase in climate incidents in India. In my opinion, it is essential and critical for us to prepare the communities to be climate resilient. And for this, corporates with their expertise and financial ability, should accept this challenge as their primary responsibility and act on it.

The social activities, which also include CSR activities, must include climate resilience training, awareness, and preparedness.

The target audience have stakeholders, including the local body representatives who are empowering the community in climate action.

In other words, community connect should go beyond supporting education, medical, sports, or livelihood training.

At the corporate level, companies should approach climate action as a purpose-driven commitment. I am of the opinion that profits and growth are crucial. However, conserving nature is critically more important.

As the saying goes, "You can paint only if there is canvas available." ... Business can prosper only if we have Mother Earth to nurture.

Let us join hands and inculcate a compassionate approach for the **S** factor to drive the balancing act.

> " Communities need empowerment to be climate resilient, and corporates with their expertise and financial ability, must accept the challenge as their primary responsibility and act on it "

The First Word

Women: ESG's New Power Players

Sonal Desai
Director, Strategy,
WriteCanvas

The social dimension of ESG is rapidly emerging as a critical focus area in India. This positive development can be credited to the increased participation of women in the workforce.

Several reasons can be assigned. One, women who constitute about 50 percent of India's population are making their presence felt in all walks of life. While they are still marginalized in the rural areas, their urban counterparts are surging ahead with panache, unafraid to obtain their goals. Most are no longer restricted by the dogmas. Women, who form a prominent part of the social component of ESG, are no longer lost in the blindspots!

The inclusion of women and the rising number of female leaders in the workforce as well as in the government forms the essence of our maiden survey: Is *S* the Blindspot in ESG? The survey report suggests that women are getting prominence, are becoming ambitious, are willing to take risks, and are ready to face any challenge and lead from the front to (climb the ladder).

The government and corporate policies and regulations are also enabling them to break the glass ceiling to shoulder the responsibility of a CXO.

The survey throws interesting insights into the DEI strategies of corporates. For example, many companies have adopted an inclusive approach as part of their corporate policy. This is reflected in the physical and digital infrastructure they have developed to include persons with disabilities.

We have the right policies and regulations to promote DEI and enhance the social component of ESG.

All, however, is not rosy. India has a long way to go as the survey report suggests.

Corporates need to allocate funds to enhance the *S* factor -- social projects. What is more vital is to incorporate Social into the corporate fabric--one that is not relegated to the sidelines of a CSR activity or an individual project. For, social is a continuous engagement...

> **While they are still marginalized in the rural areas, their urban counterparts are surging ahead with panache. ... Women, who form a prominent part of the social component of ESG, are no longer lost in the blindspots!**

Sonal Desai

The First Word

Social is Serious Business

Dr. Manasa Nagabhushanam
Director, (Academics, Research & Administration)

As businesses increasingly embrace sustainable practices, the Environmental (E) and Governance (G) factors of ESG have taken center stage.

These pillars are essential in guiding responsible corporate behavior, but one crucial aspect has often been overlooked—the Social (S) factor. This element, which encapsulates labor practices, human rights, and community engagement, is now demanding the attention it has long deserved.

The world is undergoing a profound shift. Today, stakeholders—from consumers and employees to regulators and communities—are not only asking whether businesses are environmentally conscious or well-governed but are also questioning how companies are impacting society at large.

This change reflects a deeper awareness that businesses are not just economic entities; they are social actors with significant influence on societal well-being.

This report stems from extensive research conducted across various sectors, aiming to shed light on the critical importance of the S factor in today's business environment. It reflects the growing realization that businesses have a responsibility to contribute positively to the world around them, not as an afterthought, but as a central component of their operations.

As we present this report, our goal is to inspire corporate leaders to recognize and act upon the social dimension of ESG. The findings within are not just academic; they represent an immediate call for businesses to actively engage in shaping a more inclusive, equitable, and sustainable future.

> "Today, stakeholders—from consumers and employees to regulators and communities—are not only asking whether businesses are environmentally conscious or well-governed but are also questioning how companies are impacting society at large"

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The First Word

Our roots give valuable lessons on inclusivity

Mr Ashok Pamidi
Designation -
DEI expert, and
Sustainability Warrior

India has evolved through the concepts of `Dharma' and `Sacrifice'. Our philosophy has included philanthropy as a fundamental component.

Our scriptures and myths have emphasized the bravery, selflessness, and extraordinary deeds of kindness performed by both great humans and living creatures.

Following these customs, we have seen that the Kings and Queens of our ancient land have consistently upheld the duty of helping the poor and the needy. They have exemplified the fundamental principles of community development and upliftment of the underprivileged. Regardless of their caste or socioeconomic standing, women were highly valued.

Keeping with these customs, we observed that big conglomerates such as the Birla Group, The TVS Group, The Wadia Group, and The Tata Group have made a lasting impression with their inclusive labor policies, practices, and community development initiatives.

Throughout history, Indian women have been highly esteemed and integrated into the mainstream economy. Even in the era of colonization, they were instrumental in assisting their male counterparts in various economic endeavors such as farming and agriculture.

But as colonization and industrialization accelerated, women in urban India began to adopt the roles of homemakers and emulate their counterparts in the West. Thankfully, rural India kept up the long-standing custom of women working in tandem with men in jobs in the field of agriculture and other rural livelihoods.

Let us fast-forward to the 21st century. The Company's Act of 2013, RPD Act of 2016, Maternity Act of 1961 amendment, and SEBI BRSR 2022-2023 were reformed to promote an inclusive India.

Large-scale enterprise trends and data show that excellent CSR practices in businesses lead to effective employee policies, better growth, income, innovation, and creativity, often resulting in top employer status. These workplaces are frontrunners for the Employer of choice.

Does India Inc. really need to start from scratch? All it will take to create an inclusive "Viksit Bharat" is to return to our roots in action and spirit.

> " **Ancient land Kings and Queens consistently upheld the duty of helping the poor, exemplifying community development and upliftment of the underprivileged** "

View Point

Sunila Sahasrabudhe
Head ESG
Biocon

"Biocon Group prioritizes social aspects in its ESG by continuously upskilling resources, providing career path visibility, implementing succession planning, improving employee engagement, and becoming an employer of choice. However, the company faces challenges in extending human rights assessments and increasing access to products in low- and middle-income countries. We have invested Rs 20,041 million in employee benefits and well-being activities, and are using the "VEngage" platform to engage employees holistically. The company also offers work-life balance initiatives for returning mothers."

Vijay Kumar Nagaraju
Head - Environment,
Sustainability & ESG,
Brigade Group

"The *"S"* in ESG focuses on social aspects such as employment practices, human rights, labor practices, occupational health and safety, training, community impact, supply chain, and customer relations. It also encompasses the organization's relationships with people, as well as its policies and actions that impact individuals, groups, and the community at large including the social responsibility and ethical practices in building a positive corporate reputation.

The *S* is pivotal to ESG, as any progress on E and G is dependent on how well *S* is addressed. It's a significant and key aspect in defining the context of sustainability therefore G and E are dependent on *S*. However, the social component is an often-overlooked aspect of sustainability, as sustainable development discussions often focus on environmental, economic, and climate-related topics. Hence, there is need for enhanced focus and the effort in addressing an absolute social element in establishing a right ESG strategy and ethical business practices for any organization looking to scaleup in responsible business conduct."

Nirbhay Lumde
Senior Vice President, ESG, Prestige Group

"The *S* in ESG is often overshadowed by the more quantifiable environmental and governance metrics. However, it is essential to recognize that the social dimension directly influences an organization's reputation, stakeholder trust, and long-term financial performance. It represents social factors such as human rights, equity, and community engagement, which often remain a blind spot in many organizations' sustainability strategies. However, its significance cannot be overstated.

As businesses face increasing societal pressure to act responsibly, prioritizing social impact is essential. Organizations that actively address social issues mitigate risks and create a more inclusive environment, fostering loyalty among employees and customers. Ultimately, recognizing and integrating the *S* factor into core business strategies is not just a moral obligation but vital for achieving sustainable growth and resilience in today's dynamic landscape."

Sandeep Shah
Founder, Chairman, World Foundation for Peace and Sustainability (WFPS), Former Special Envoy to Commission for Peace at University for Peace (UPEACE) - UN Mandated, Tedx Speaker

"Corporates are slowly realizing how it is critical to focus on the Social component in ESG. The social part is becoming an integral part of the corporate culture, having a diverse, inclusive, and equitable work environment enables every employee to feel included and cared for leading to trust and enhanced employee engagement.

Focusing on Social components impacts a corporate's reputation positively and leads to better relationships with its stakeholders. Social is finding its own place in the ESG matrix, it is fast emerging to be equally important as Environment & Governance.

As a strategy, corporates must promote transparency and accountability of its social progress to build confidence in its employees. The use of technology for fostering digital inclusion acts as a great enabler in enhancing the overall ESG strategy & performance as well as building the corporate reputation positively.

Additionally, by focusing on diversity, equality and an inclusive workforce, along with focusing on employee well-being, can build a great corporate culture that will lead to overall success of the corporate. Moreover, social factors influence in supply chain and procurement decision making in today's business landscape, global supply chains involve various components that a corporate has to navigate, thus, to optimise its potential, companies have to focus on the social component equally along with environment & governance for an effective ESG impact."
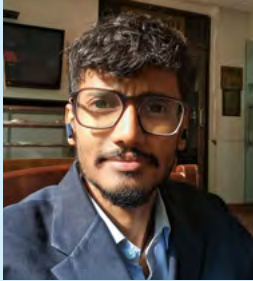
Sayan Das
Founder, Kapda Karo Recycle, Textile Waste Recycling Innovator, POP Trainee Mentor, Sustainable Innovation Award '23 Winner

"
The two main obstacles impeding the social component of ESG's parity are investor perception and the availability of data. First of all, a major obstacle is the restricted availability of trustworthy social data. There is a dearth of standardized and thorough data on social aspects like labor practices, human rights, and community relations when compared to environmental and governance metrics. This scarcity makes it difficult to accurately evaluate and incorporate social factors into the processes used to make investment decisions. Second, perception among investors is very important. Even though investors are becoming more and more aware of the significance of ESG, they still don't fully comprehend how important social factors are. Many investors ignore the possible financial effects of social issues in favor of governance and environmental criteria. Addressing these challenges requires concerted efforts to enhance data transparency and standardization, alongside education and awareness initiatives to underscore the significance of social considerations in investment strategies. "

Gender Diversity: Leadership and BoD

Gender representation is one of the most common determinants of a company's ESG policy. Overall, we noted that men occupy a significantly higher proportion of leadership positions than women across functions and industry segments.

Men constitute between 65 to 68 percent in leadership positions. Women continued to be slighted for leadership roles across the SMB, Indian large enterprises, as well as multinational companies for leadership and BoD positions.

The gender gap in board positions is significant, with men holding 76% of positions and only 24% of female representation, indicating a need for more women to participate in leadership roles.

This despite the fact that every listed company in India is required by the Companies Act of 2013 to appoint at least one woman to the board of directors (BoD).

This is intended to advance equal opportunities in the workplace and increase gender diversity in boardrooms. SEBI, (Securities Exchange Bureau of India), the market regulator, too has made it mandatory for the top 150 listed corporates to submit a detailed BRSR report that includes information about the composition of the board and other relevant aspects.

That being said, there is still much work to be done in order to meet diversity objectives. As of 2022, only 18% of NIFTY500 companies had a female director, according to the latest available data. This implies the wider gap exists and that there is still a great deal of work to be done to improve the representation of women in boardrooms.

These observations highlight the critical need for bringing in organizational changes to address gender disparities. And should aim to promote gender diversity across various roles to create more inclusive work environments.

Our survey showed a glaring disparity in the gender ratio across various roles.

Support category: In the support category, men constituted nearly two-thirds of the workforce (62%), while women formed slightly more than one-third (38%).

Production: Men, at 65% topped the production functions, evidenced gender disparity in production, where female representation was noticeably lower at 35%.

HR: The trend is not any different in HR. Our survey showed men dominated the HR department at 70%. At 30%, female participation or the lack of it raises important questions about gender equity and diversity among organizational roles.

This is in line with HR surveys that indicated that among others, big companies like Accenture have 29% of the leaders in India who are women, and Diageo India has 30% women in senior leadership.

Finance: In the finance segment, men comprised 73% of the workforce, with 27% women representation, which was substantially lower.

Sales and Marketing: The breather was in sales, where gender distribution was fairly balanced. With 51% male and 49% female representations.

However, in marketing roles, a wider gap was visible. 62% male dominance in the marketing department, while women stood at 38%.

IT Departments: The collected data showed higher women representation in the IT department of the companies (56.36%). However, a Generation India report indicated that as of August 2023, 20 lakh women constituted only 36% of the total IT workforce in India.

Mean Percentage of Male and Female Representation in Different Categories
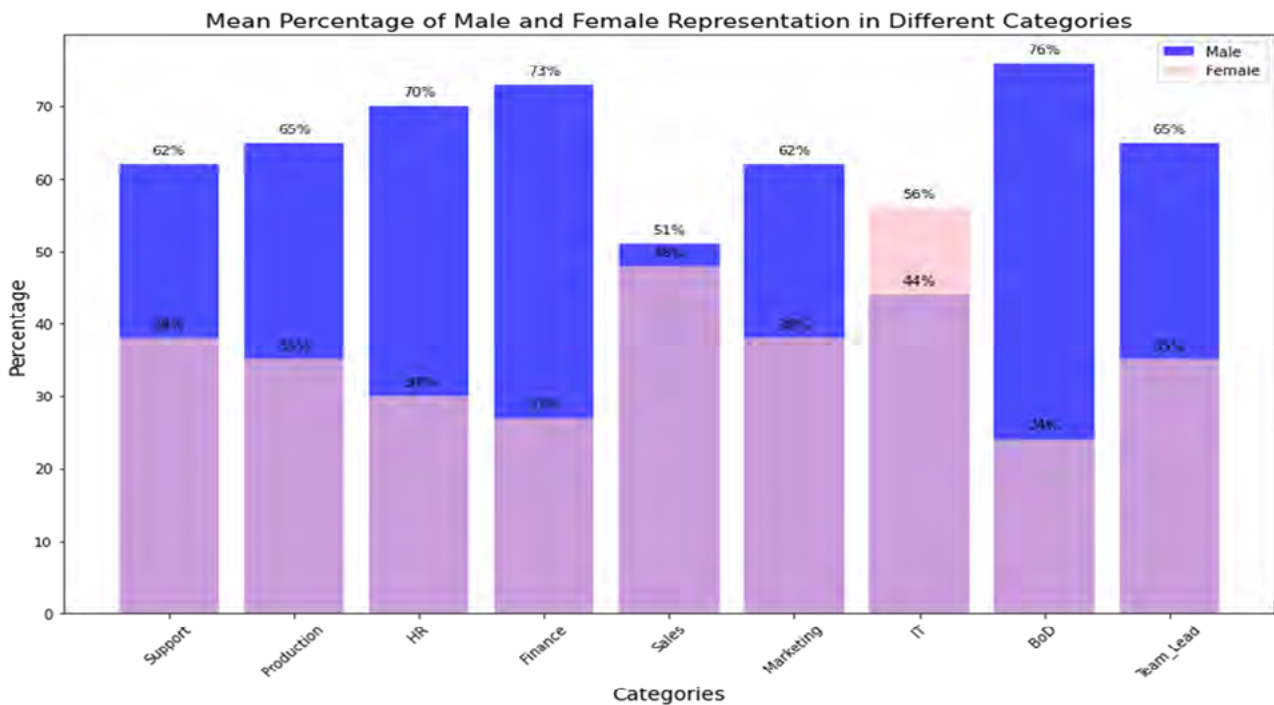
The absence of data from the Government sector warrants further investigation. Understanding the gender composition within this sector is crucial for addressing potential gender disparities and ensuring equal opportunities for both males and females These differences imply that although many industries have advanced towards gender equality, others have not kept up. This not only enhances social equity and employee satisfaction but also aligns with broader ESG goals of promoting diversity and social responsibility across all business types.

> " These observations highlight the need for organizations to address gender disparities and promote gender diversity across various roles to create more inclusive work environments. "

These views correspond with a McKinsey & Company study, which said that businesses with more diverse boards are outperforming their less diverse counterparts financially. In a similar vein, NASSCOM research showed that businesses with a female board member typically outperformed those with a male board. These results imply that having a diverse board benefits a company's bottom line in addition to addressing issues of justice and representation.

> " Male priorities in BoD roles may influence decision-making, impacting organizational practices, policies, and strategies. Encouraging female leadership parity is crucial for building inclusive and efficient governance frameworks. "

Conclusion:

The study reveals a diverse gender representation landscape across various industries and leadership roles. Support roles show significant gender disparity, with male dominance in BFSI, IT/ITES, Law Firm, and Consulting Firm sectors, while the Skilling sector shows a pronounced gender gap favoring males. The Media sector demonstrates balanced gender representation, while production roles show variability. HR roles show a stark gender imbalance, with the scenario no different in law firms. Media and consulting sectors exhibit gender parity. Sales roles show a gender skew towards males in BFSI and IT/ITES sectors, while the Media sector has a gender-balanced workforce.

Gender imbalances in finance roles vary across sectors, with law firms often lacking female representation, media and consulting firms achieving parity, and IT/ITES and skilling sectors showing significant male dominance. The study also revealed significant gender-wise employee attrition issues, particularly among support and IT roles, and highlights the need for targeted retention strategies. Addressing these issues requires improved data collection and targeted initiatives to enhance workforce stability and gender balance. Implementing comprehensive retention strategies, fostering inclusive workplace cultures, and promoting transparency in reporting are essential steps towards achieving these goals and creating a more equitable work environment.

Interview

Rising together at NTT DATA

NTT DATA is a $30 billion global technology, consulting, and business services company headquartered in North America and present in 29 countries globally. The organization is also renowned as a global champion for Diversity, Equity, and Inclusion (DEI), having been recognized for its DEI efforts, including being named a Global Top Employer in 2024 and an India Workplace Equality Index (IWEI) Silver Employer in 2023.

NTT DATA has one of the best DEI strategies. In an interview, **Shalini Kumar**, Vice President, Application Delivery and DEI Champion for India team, and **Ankit Jindal**, Associate Director, Portfolio Marketing and Global Lead for the ACCESS Employee Resource Group, took a deep dive into the company's' initiatives, impact, and the way forward.

1. What are the key pillars of NTT DATA's DEI strategy?

NTT DATA North America is a part of a new $30 B+ global business and technology services group formed through the union of NTT DATA Services and NTT Ltd. The company's DEI strategy is to build a diverse, inclusive work community. The aim is to advance diversity at all levels and enhance employee resource groups (ERGs)' excellence through strong governance, education and engagement practices.

Shalini: Our commitment to Diversity, Equity and Inclusion (DEI) is integral to our Environmental, Social and Governance (ESG) strategy, as it fosters a culture of innovation and accountability. By embedding DEI philosophy into our ESG framework, we ensure that our business practices not only meet regulatory standards but also reflect our commitment to inclusion and social responsibility. This alignment with our core values of Clients First, Foresight and Teamwork ensures that we anticipate and meet our clients' needs, stay ahead of industry trends, and collaborate effectively to achieve our goals.

Ankit: Valuing and assimilating diverse opinions is crucial, driven by the executive leadership and actioned by the office of DEI. Our DEI strategy is aimed to impact all levels, including within the organization, clients and society.

2. How many people have been affected by your DEI action plan? Can you give some examples?

Global Impact: As of August 2024, our DEI strategy has significantly impacted our entire workforce and stakeholders, both directly and indirectly. This ongoing effort has contributed to our recognition as a Top Employer in 29 countries, India.

Our Employee Resource Group (ERG) membership now spans 27 countries, and the percentage of women globally at NTT DATA has grown to approximately 37% of our total population, with about 24% holding senior leadership positions. These numbers continue to rise, reflecting our commitment to DEI.

Shalini: Our commitment to Diversity, Equity and Inclusion (DEI) is integral to our Environmental, Social and Governance (ESG) strategy, as it fosters a culture of innovation and accountability. By embedding DEI philosophy into our ESG framework, we ensure that our business practices not only meet regulatory standards but also reflect our commitment to inclusion and social responsibility. This alignment with our core values of Clients First, Foresight and Teamwork ensures that we anticipate and meet our clients' needs, stay ahead of industry trends, and collaborate effectively to achieve our goals.

The ERGs include ACCESS for persons with disabilities, PRIDE for LGBTQ+ employees and allies, LIFT for mental health, WIN for women initiatives, NEST for climate change and sustainability and THRIVE for Black and African American employees; VET for army veterans. Our fastest growing ERGs are LIFT and NEST.

The ERGs have played a crucial role in providing a platform for underrepresented groups to share their thoughts and ideas. These groups have helped foster a more inclusive community by advocating for change, policy influence, driving awareness and building empathy. India has our largest ERG membership numbers.

The DEI initiatives have also led to the creation of toolkits, resources and external partnerships for the DEI champions to influence organizational stakeholders across the spectrum to support inclusive development and diverse hiring practices.

Training and Development: The DEI strategy includes various training and development programs, including the Inclusion Intelligence Certification Program — an inclusion initiative that brings measurable impact across various levels within the organization. It emphasizes DEI as a business imperative and operational priority. The program includes Gold, Silver and Bronze certifications, which are conferred to employees as a testament to their commitment to DEI principles. Additionally, all people managers are required to complete Unconscious Bias and Microaggressions in the Workplace training at the very least.

Recognitions: all these efforts have also provided external validation such as Alliance for Global Inclusion Index 2023 and 2024, E&Y Global Equality Standard and Silver in India Workplace Equality Index 2023.

3. Can you elaborate on the ERGs?

Our ERGs also serve as an advisory arm to the Diversity, Equity & Inclusion (DEI) Office, and to executive leadership as a whole helping to align initiatives with overall ESG goals.

For example the Access ERG worked with the office of CIO to introduce the digital accessibility Policy which outlines our commitment to provide the necessary assistive products and making our Information and Communication Technology (ICT) accessible.

Similarly, in collaboration with the PRIDE ERG, NTT DATA dress code policy evolved to become gender-neutral and the NEST ERG strongly interlocks with our business to promote our sustainability goals.

Regional Impact: In India, the DEI initiatives are focused on increasing the representation of women, persons with disabilities, and the LGBTQ+ community across the organization. There is also an emphasis in building programs to provide career growth and increase representation of women in middle management to fuel and sustain diversity in senior leadership.

4. Why do most businesses prioritize women's empowerment in their DEI policies, rather than focusing on a broader range of stakeholders?

Most businesses prioritize women's empowerment in their DEI policies because gender diversity is a visible and measurable aspect of diversity globally that can drive significant value. Focusing on women's empowerment helps address historical gender imbalances and promotes equality in the workplace.

NTT DATA in India is implementing programs like Career 2.0 and Elevate 2.0 to promote women's opportunities and leadership development. The Office of Diversity, Equity and Inclusion collaborates with the DEI Council, DEI Champions and ERGs to promote inclusivity and diversity. DEI India has introduced a DEI Champion model, promoting diversity, allyship and support among its 26,000+ team members through experiential learning, partnerships and ERGs.

Further, to build awareness on our DEI journey and learn from industry peers, the DEI India team takes part in industry events such as the RISE Conference, NASSCOM Diversity and Inclusion Summit and ASSOCHAM D&I events.

5 How do you measure DEI impact and set goals? Who's involved?

NTT DATA measures the impact of its DEI initiatives through a combination of quantitative and qualitative metrics. The DEI impact is measured through regular surveys, feedback from ERGs and analysis of demographic data such as aggregate representation data for gender globally, hiring and attrition, and ethnicity in the U.S. These insights help in identifying areas of improvement and shaping future strategies. Data is available to leaders 24/7.

For instance, the Inclusion Intelligence Certification Program is one of the initiatives where participation rates and certification levels are tracked at every level to gauge its engagement and success.

To Ensure transparency and accountability, NTT DATA shares this data with senior leadership and employees. Leaders can see their progress against company and industry benchmarks, engaging their HR Business

Partners and DEI Champions to build programs.

Setting DEI goals involves collaboration across different levels of the organization. The Chief Diversity and Inclusion Officer, along with the DEI Council, plays a pivotal role in defining and overseeing our strategy and goals. They work closely with senior leadership, HR and ERGs to ensure that DEI objectives are aligned with the company's overall business strategy and values.

Ankit: Valuing and assimilating diverse opinions is crucial, driven by the executive leadership and actioned by the office of DEI. Our DEI strategy is aimed to impact all levels, including within the organization, clients and society.

In India, the company has set up a focussed task-force to prioritize disability and LGBTQ+ initiatives. This cross-functional team includes leaders from recruitment, facilities, business units, marketing, DEI and ERGs. Among its several impacts, the task-force has helped to onboard a specialized sourcing agency for disability and LGBTQ+ community hiring, introduce self-identification forms and drive accessibility enhancements across India offices.

6. How do you ensure that DEI policies are being implemented effectively and consistently?

NTT DATA implements its DEI policies through a combination of feedback mechanisms, transparent metrics, the involvement of diverse ERGs and leadership commitment. We collect feedback from employees and managers through a periodical employee pulse survey, where we have a dedicated section on DEI parameters, continuously refining our strategies based on this input. Additionally, we review key DEI metrics such as aggregate representation data for gender globally and ethnicity in the U.S quarterly and share this data with senior leadership to track progress and ensure accountability.

In India, a growing workforce of 26,000 employees includes people from diverse backgrounds and identities. Our onboarding process caters to specific needs and accommodations.

Every year, we mandate training on workplace harassment for all employees. This includes a global and India-specific module, ensuring

> **To emphasize the commitment to inclusion, we installed a digital wall at all India offices to display leaders' messages and opinions about what inclusive behaviors they want to promote**

> **To Ensure transparency and accountability, NTT DATA shares data with senior leadership and employees. Leaders can see their progress against company and industry benchmarks, engaging their HR Business Partners and DEI Champions to build programs.**

employee sensitization and information to address grievances. Our ethics hotline is also accessible to all to report any issues and concerns.

7. What are the key initiatives planned as part of DEI for the short and long term?

The DEI annual update, published every June, outlines our goals, achievements, strategic modifications and future, with the prevailing theme being "we want to rise together as an NTT DATA community.

In the short term, NTT DATA aims to enhance existing programs and increase engagement across the organization. This includes enhancing our leaders' ability to drive development and mobility for a diverse group of team members and helping to ensure that their teams are engaged and thriving. We are supporting our ERG leaders with networking opportunities and more training to enhance their success with a focus on business alignment, education and awareness, community outreach and external partnerships, and membership engagement. These pillars ensure that our DEI initiatives are comprehensive and aligned with our business and sustainability commitments.

In the long term, NTT DATA aims to embed DEI principles deeply into its corporate culture and operations, supporting organizational success while building a more sustainable society.

The *S* Factor

The prominence of *S* Factor reflects the holistic approach to fostering a positive organizational culture that values fairness, inclusivity, integrity, and respect for all individuals. By prioritizing these aspects, the businesses aim to create an environment where employees feel empowered, valued, and supported, ultimately contributing to enhanced morale, productivity, and overall success.

Under this segment our survey focused on the following six categories to gauge organizations' *S* factor focus. Interestingly, most companies who participated in the survey voted in favor of equal opportunities.

Equal Opportunities: With almost half (47.1%) of the *S* Factor emphasis, this component is the most prominent in organizations. It implies a strong commitment on the part of the organizations to offer just and equal opportunities to everyone, irrespective of their background, gender, or other characteristics.

Gender Representation: This component stands second with a notable 23.5%. It underscores the organization's focus on achieving balance and inclusivity in its workforce. This indicates the efforts to ensure equal participation of both genders at all levels and roles.

Inclusive Infrastructure: 11.8 percent organizations are committed to promoting inclusivity through accessible infrastructure and amenities. Nevertheless, there is a lack of infrastructure alignment to accommodate the diverse workforce—which may not include members of the current workforce.

Pay Parity: The emphasis on pay parity (11.8%) highlights the organization's commitment to ensuring fairness and equity in compensation practices. It suggests efforts to address and minimize gender pay gaps and promote equal pay for equal work across the organization.

Work Conduct & Privacy: While comparatively lower at 5.9%, the focus on work conduct and privacy raises concern about the organization's inability or failure in maintaining ethical standards and privacy rights. This calls for implementing policies and practices to uphold integrity, confidentiality, and professionalism.

Data custodian: Individual business units within a corporation are the custodians of ESG data is a cause for concern. Our survey shows that only 6% of ESG Heads are the custodians of the environmental, social, and governance data vis-a-vis a whopping 94% of business unit heads who own responsibility for their organization's vertical data and data security.

5. Factor Prominence
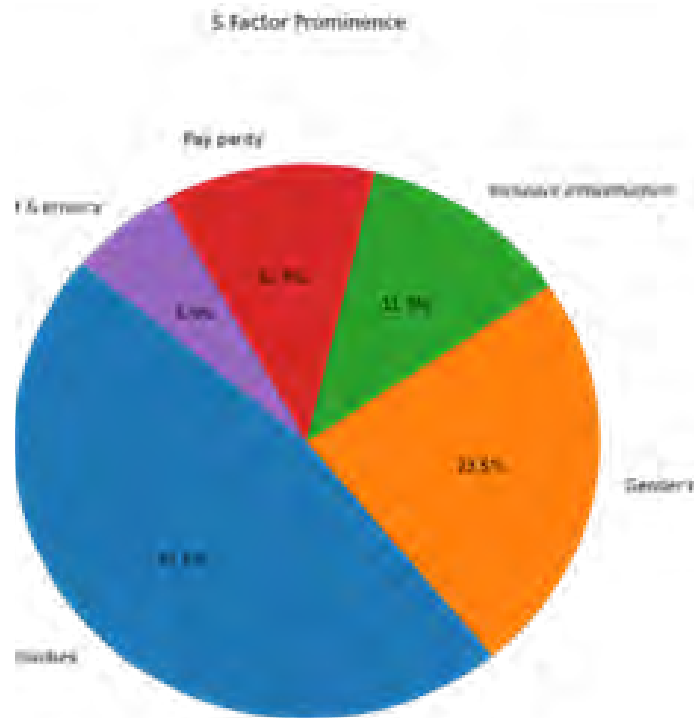
Conclusion:

By prioritizing the social component, the businesses aim to create an environment where employees feel empowered, valued, and supported, and enhance morale, productivity, and overall success.
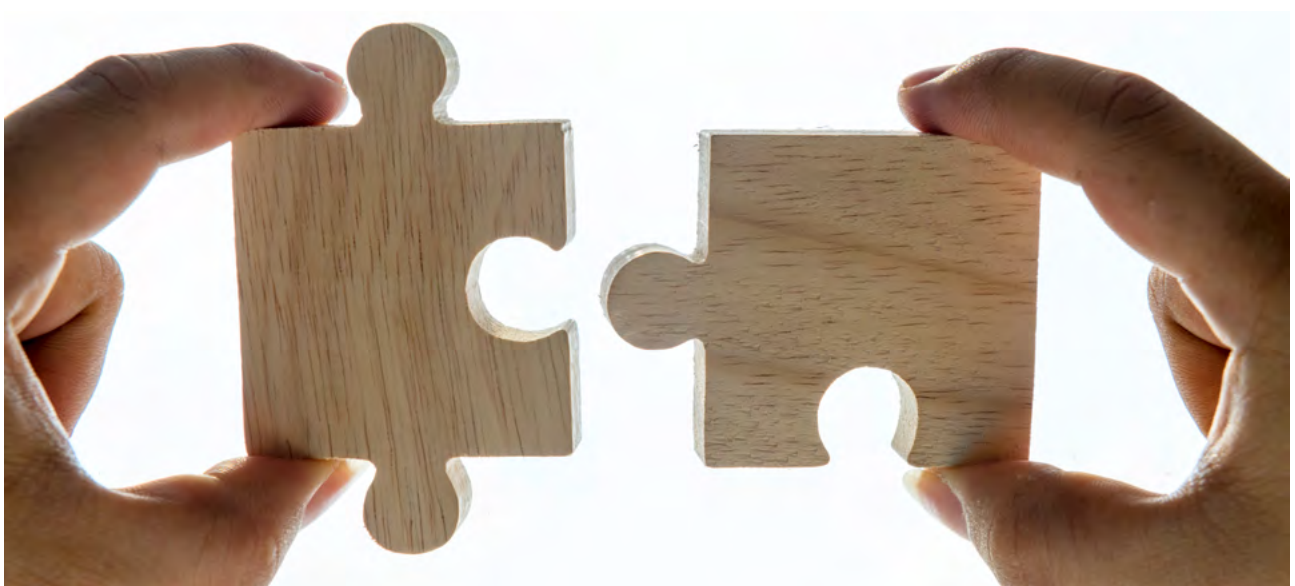
ESG

The majority of businesses either have an ESG policy or publish ESG reports, or are in the process of producing one this year.

a) Data

To prevent greenwashing, the survey concentrated on stakeholder communication, data custodianship, and transparency.

Data Custodian:

Approximately 94% of the companies directly manage ESG data. Organizations maintain a centralized approach to data management, ensuring consistent and cohesive data governance practices. This centralized approach helps to maintain high standards of data security, accuracy, and compliance across all departments and functions.

A smaller proportion, or a miniscule 6% ESG Head are responsible for data custodian roles. Giving data custodian responsibilities to the ESG Head facilitates the integration of ESG indicators into the broader data governance framework. This integration is necessary for accurate and transparent ESG reporting, which is becoming increasingly important for stakeholders such as investors, regulators, and customers.

Custodian of the data

ESG head

6%

94%
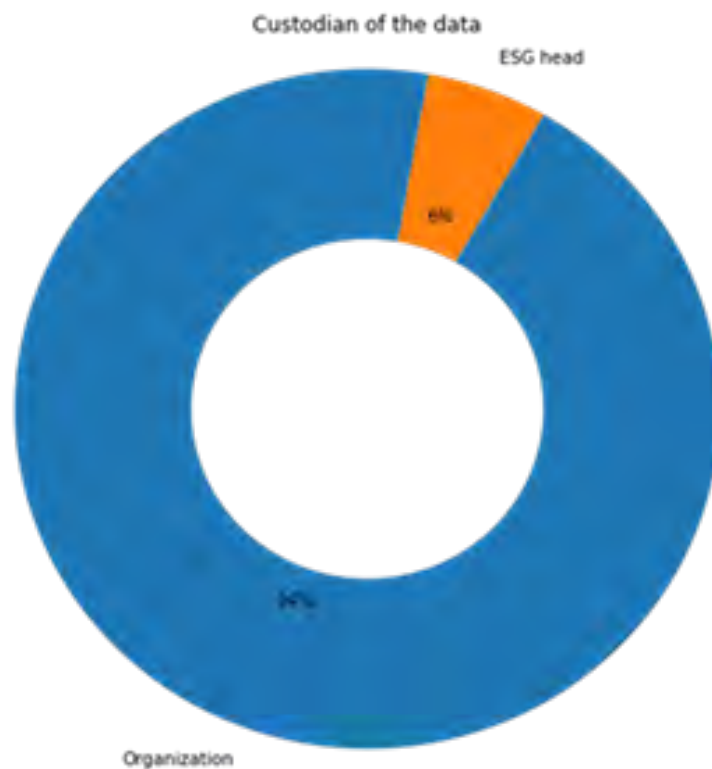
Organization

Law firms prioritize confidentiality and compliance, media companies manage user data and content rights, and skilling organizations handle educational and personal data responsibly.

Kind of Data received
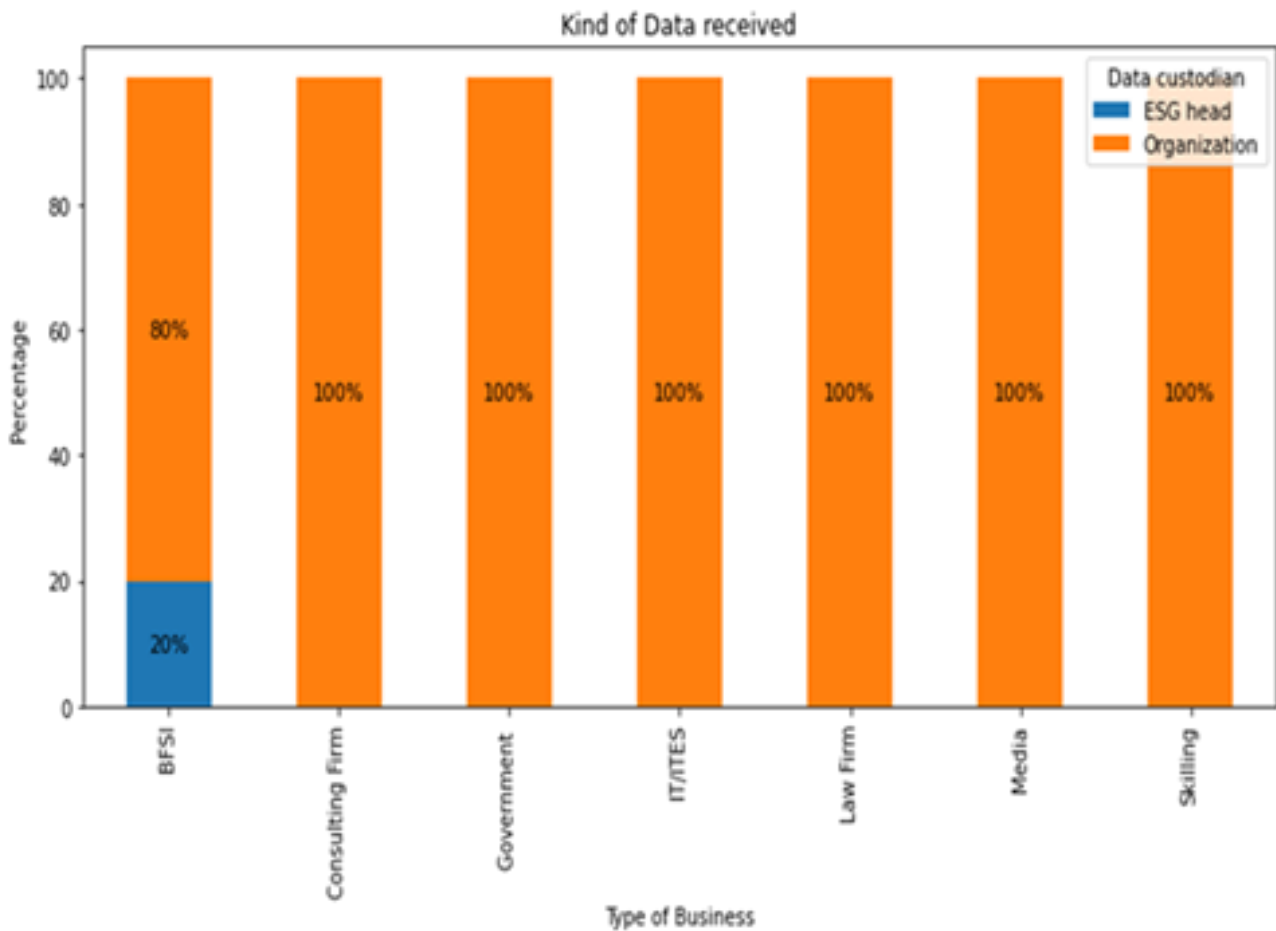
b) ESG Communication

When it comes to ESG, communication with stakeholders must be transparent. An analysis of the communication style reveals that approximately 58% of the firms have a "Transparent" communication style, and approximately 42% have a "Very transparent" communication approach. This distinction between "Transparent" and "Very transparent" styles highlights varying degrees of transparency and clarity in communication methods.

The companies with transparent communication strategy place a high priority on informing stakeholders, including clients and staff, about important choices, developments, and organizational changes. Regular updates via emails, newsletters, and meetings are common examples of transparent communication.

Communication Transparency

Very transparent 42%

Transparent 58%

Open 6%

Townhall 12%

Newsletter 18%
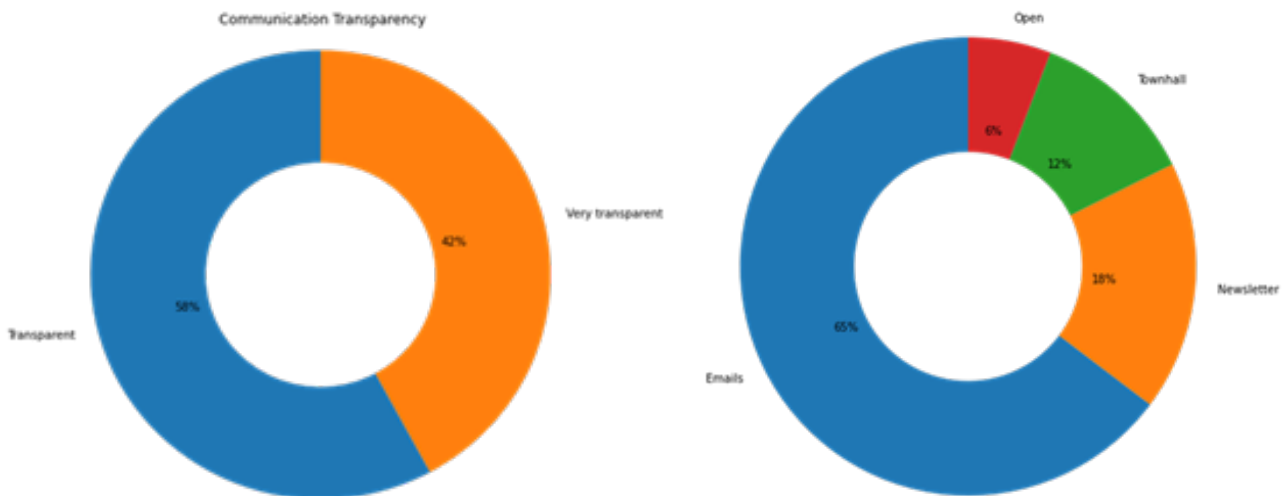
Emails 65%

Channels of Stakeholder Communique:

Approximately 65% of all communication channels used by respondents are emails, making them the most often utilized method. With about 18% of all communication methods, newsletter delivery is the second most popular. Roughly 12% percent of the time, townhall meetings are utilized as a communication tool.

Open communication is used in approximately 6% of cases and includes a variety of methods that aren't clearly classified, like unstructured meetings, spontaneous conversations, and other adaptable communication techniques.

Conclusion:

The leadership of the participated companies is dedicated to making sure that all parties are engaged in an open and transparent communication process. In addition to informing the stakeholders about organizational changes, transparency kept them updated on newly organized and planned initiatives. This aided the stakeholders in reaching well-informed decisions. This strategy not only builds trust and involvement at all levels, but also encourages accountability and continued development.

DEI

The survey's next area of emphasis is Diversity, Equity, and Inclusion (DEI). The seven essential components that we monitored were: a) DEI definition b) alignment of DEI strategy c) DEI budget allocation d) Goal e) Diverse Customer Base f) Budget and g) Diverse departments.

a) **Definition:** Diversity includes persons with disabilities, rural empowerment, LGBTQ+, others, and women. The BFSI industry predominantly uses "Mix" to describe diversity, with "Only women" at 29%. Additionally, 14% of companies define diversity as "All of the above" and "Specially abled" combined. In the IT/ITES industry, "Mix" is the most common definition of diversity, covering 67% of organizations. Other definitions include "All of the above" (11%), "LGBTQ+" (11%), and "Rural background" (11%). Law firms focus exclusively on "Only women," who make up all the companies in this industry.

b) **Strategic Intent of Diversity:** 67% of the participants reported positive DEI intent. Another important factor is leadership vision, which accounts for 19% of the influence. Regulatory compliance contributes to a smaller portion.

c) **Supplier Diversity/Customer Influence:** The respondents said that company policy significantly influences supplier behavior/consumer influence, accounting for 70%.

For example, diversity in HR departments and inclusive initiatives are highly valued in the BFSI sector. While IT/ITES organizations demonstrate diversity across departments, consulting firms and government agencies have diverse IT departments. While the media guarantees diversity in sales and Skilling prioritizes diversity in HR, law firms have demonstrated more diverse organizations.

Aspects influencing supplier diversity/customer influence

DEI alignment with company strategy
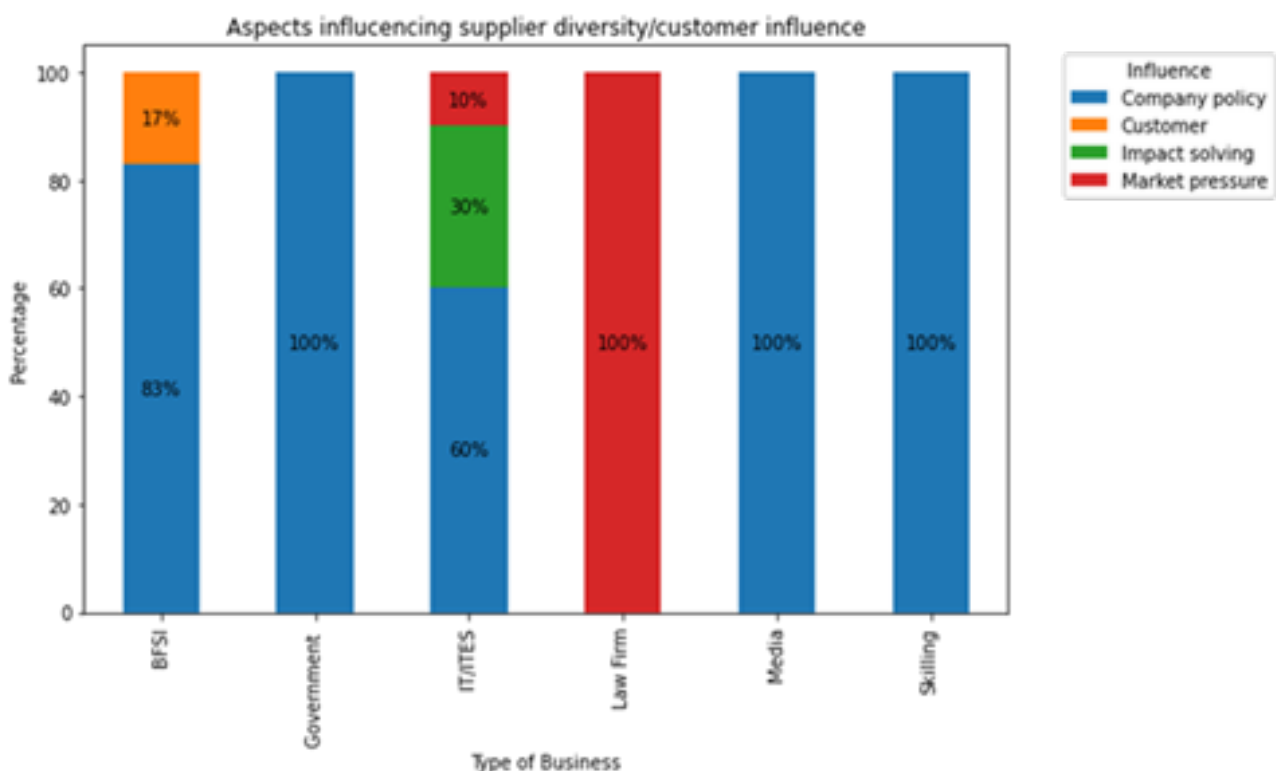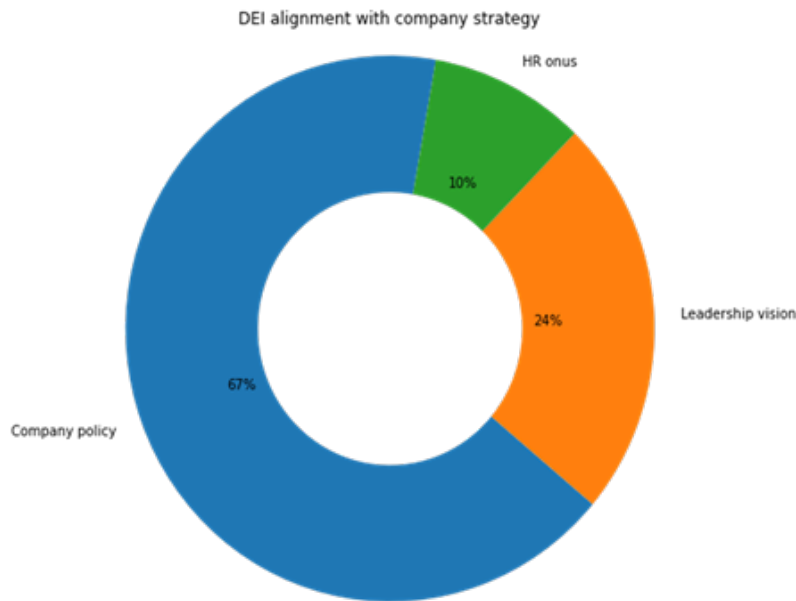
d) **Aspects Influencing Supplier Diversity/Customer influence:** Company policy emerged as the predominant driver, influencing 70% of supplier behavior and consumer influence. At 15%, impact investment demonstrated a moderate impact on customer and supplier influence.

With a 10% weight, market pressure indicated a smaller but no less substantial impact. With only 5% of provider behavior and consumer impact coming from customers, they had the least influence.

Types of businesses:

In the BFSI sector, company policy significantly influences customer behavior, with customers contributing 17% to this influence.

Officials from government agencies demonstrate a strong commitment to instituting a DEI agenda through institutional directives, with firm policy influencing all of their decisions.

In the IT/ITES sector, customer behavior is significantly influenced by company policy (60%), impact solving (30%), and market pressure (10%).

e) **Alignment with company strategy:** Approximately 66.7% of companies matched their DEI plans to corporate guidelines, demonstrating a robust institutional commitment. Whereas, 23.8% corporates matched their DEI plans with the leadership vision, indicating the crucial role that leadership plays in promoting DEI. A lower percentage, at 9.5%, held the onus of DEI strategies to the HR.

A closer look at the different sectors provides a broader picture. The BFSI industry exhibited a strong institutional commitment to integrating Diversity, Equity, and Inclusion (DEI) within the organizational framework, as seen by the 83% alignment of DEI plans with company policy. The remaining 17% focus on how top management may drive structural and cultural changes that are necessary to advance social responsibility and match their DEI goals with leadership vision.

On the other hand, government organizations and consulting firms exhibited a 100% connection between their DEI strategies and the leadership vision. While 10% of the IT/ITES industry aligned with the leadership vision, demonstrating a combination of top-down and policy-driven initiatives, the remaining 90% of the sector had a predominant alignment with business policy, matching the BFSI sector's institutional approach to DEI.

f) Special Budget for DEI

The distribution of funds for programs related to DEI is a crucial measure. The fact that 60% of the organizations questioned did not have a dedicated budget for DEI initiatives points to a major lack of resource commitment. This may obstruct the successful execution and long-term viability of DEI initiatives.

On the other hand, the 40% of companies that do have a DEI budget showed that they are proactive and dedicated to integrating DEI into their organizational strategies.

For instance, the Indian government promotes diversity, equity, and inclusion (DEI) in its organizations through laws and initiatives. These include affirmative action and laws protecting specific groups from workplace discrimination. The GoI also provides frequent training on inclusive language, reviewing hiring practices, establishing policies, creating ERGs, providing career sponsorship, and conducting grievance redressal.
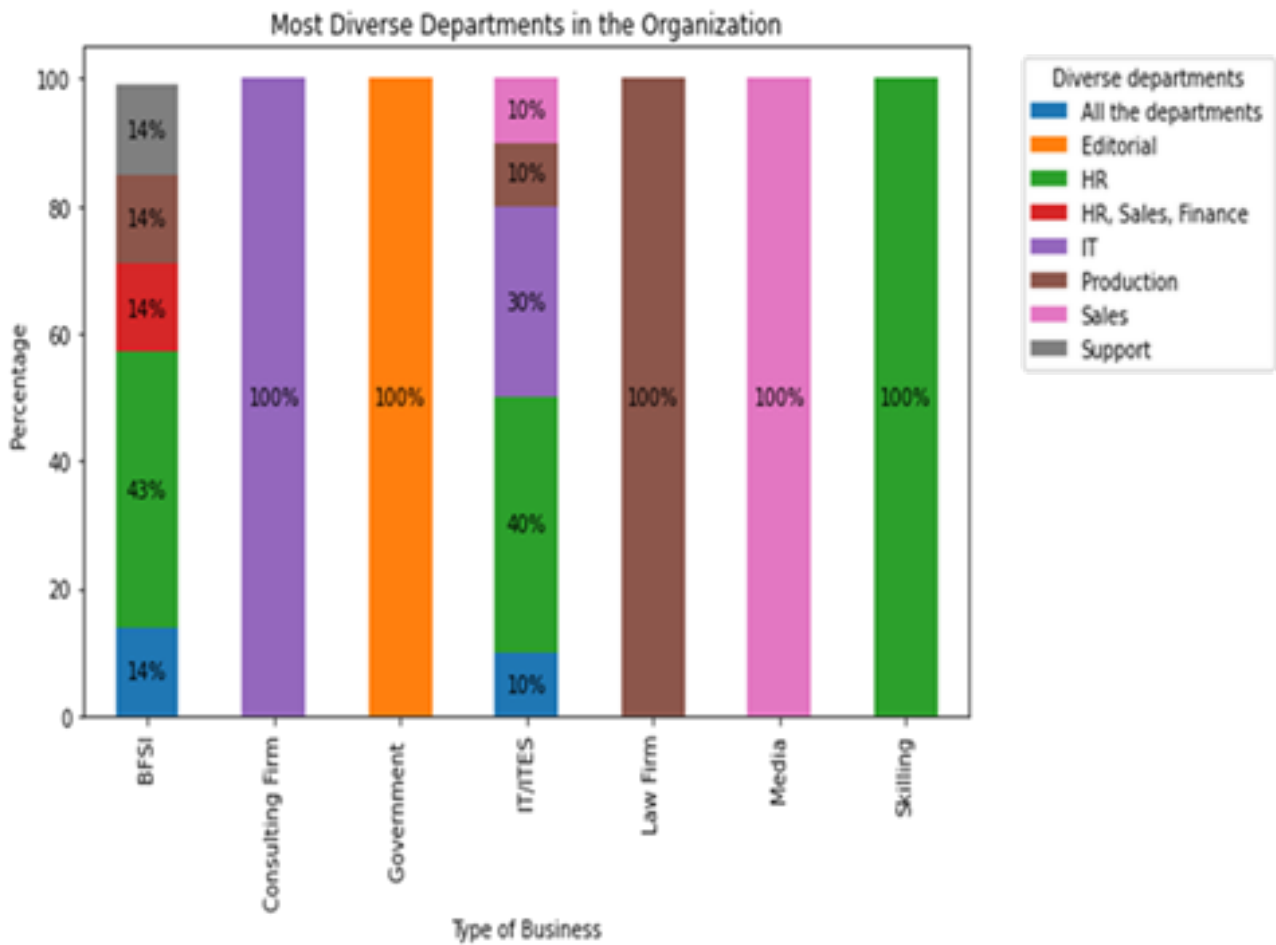
g) Department Diversity

The HR department, leading with 36% diversity, exemplifies a strategic emphasis on inclusive hiring and workplace practices. This high representation underscores HR's pivotal role in driving diversity initiatives, ensuring equitable opportunities and fostering a culture of inclusion throughout the organization.

The IT department follows closely with an 18% contribution. Contributions from the Production and Sales departments were 14% and 9%, respectively.

Our survey found that only nine percent of the workforce was diverse. The HR, Sales, and Finance departments together contributed just 5% of the diverse workforce, demonstrating cross-functional efforts to promote DEI into key company operations. This shows that the reins for an inclusive workforce requires leadership vision, corporate strategy and shared responsibility.

Special Budget for DEI

No 60%

Yes 40%

Most Diverse Departments in the Organization
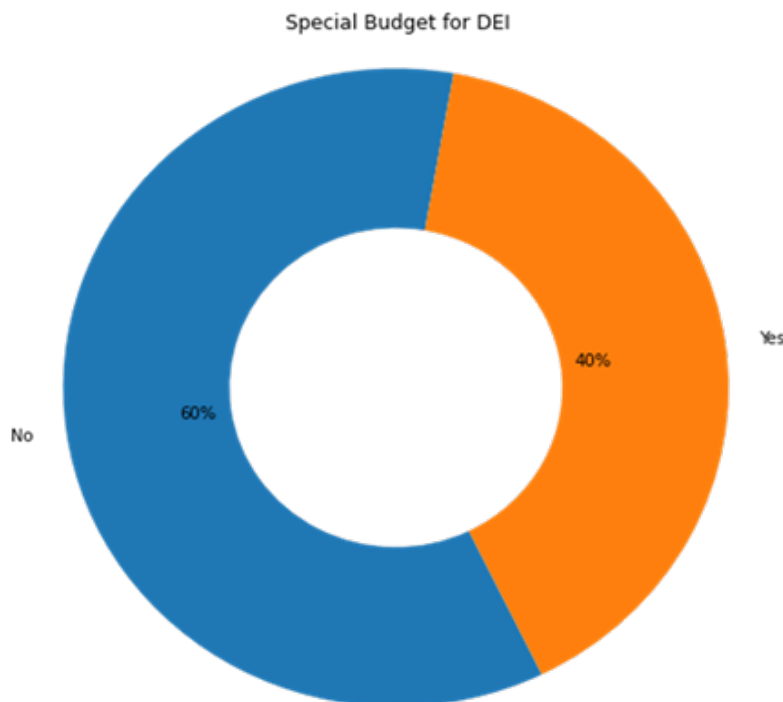
Conclusion:

Even though the survey began with each participating company's definition of DEI, it provided some insightful information. Departments like sales and HR in the BFSI industry have a 43% diversity rate, which is a notable step. The lack of diversity in other divisions, such as IT and editorial, points to domains that should be improved in order to attain complete inclusivity in all roles.

Workforce

The dynamic and agile workforce in India has grown over the last few decades, adding 170 million jobs between 2016-17 and 2022-23. The parameters of assessment, welfare, safety and child labor have also evolved. Our survey reiterates these facts.

a) Employee Welfare

The survey examined the employee welfare segment across a range of issues, including pay parity, forced labor, child labor, additional employee facilities, and a host of other issues.

Thirty percent of employee welfare initiatives were discussed during annual reviews, and the remaining thirty percent were built based on industry benchmarking and corporate policy. To guarantee pay parity, the industry employed a variety of permutation combinations.

Organizations Ensuring Pay Parity
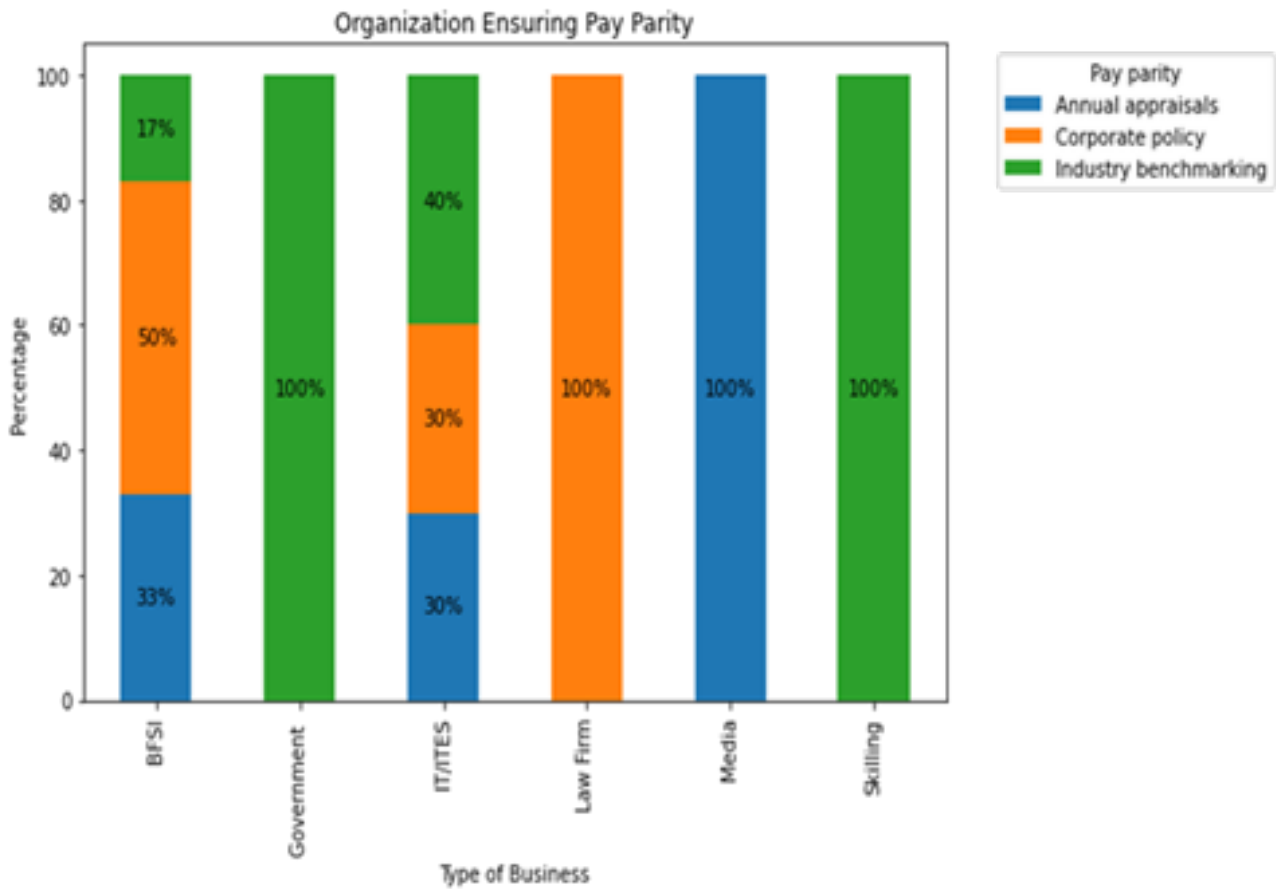
Annual assessments (33%), company policies (50%), and industry benchmarking (17%) received the majority of the attention in the BFSI sector. The IT/ITES sector was split between yearly assessments (30%), corporate policies (30%), and industry benchmarking (40%). Corporate rules were given top priority by law firms, guaranteeing internal consistency and equitable compensation practices. Media businesses placed a strong emphasis on yearly reviews (100%), utilizing performance evaluations to sustain pay equity.

b) Employee Safety

Organizations prioritized mental health initiatives (26.32%), insurance (21.05%), medical centers (15.79%), periodic safety training (10.53%), and periodic health check-ups (5.26%) and all the listed categories (15.79%), for employee well-being. They also provided on-site or accessible medical centers, periodic safety training, conducted periodic health check-ups, and emphasized the importance of promoting physical and mental well-being among employees.

c) Child and Forced Labor

Our survey reveals that corporate policy takes the lead (53%), when it comes to tackling issues regarding child and forced labor. Respect for labor regulations (47%) is still important. Different industries take different tacks when it comes to labor disputes. Legal compliance is a top priority for the government and BFSI industries. Sectors such as IT/ITES, legal firms, media, and skilling, on the other hand, emphasize proactive steps to promote ethical labor practices and concentrate on internal company policies.

Steps taken to ensure safety of Employees

Steps taken to prevent Child and Forced Labour by the businesses

While taking significant steps to end child labor and forced labor, businesses place a strong emphasis on adhering to labor laws and corporate policies. In addition to legal requirements, corporate policies—accounted for 53% of efforts. For example, a manufacturing company may require its suppliers to certify that they never use child or forced labor and may audit their compliance on a regular basis.

The labor laws comprise 47% of the remaining efforts. A few actions involved in adhering to national and international labor laws include age verification, providing safe working conditions, and pay parity.

d) Exploitation at the Workplace

The report highlights important preventative measures for workplace exploitation. These include specific committees dealing with harassment (35%), explicit HR rules (35%), all-encompassing strategies (15%), programs for training and sensitization (10%), and whistleblower procedures (5%).

Committees on workplace harassment are given top priority by BFSI companies. Governmental organizations highlight their rules for whistleblowers. HR manuals from IT/ITES organizations have anti-exploitation rules. The lack of emphasis on sensitization and training suggests that there may be a knowledge and education deficit in this field. Media firms emphasize precise instructions in HR manuals, giving workers clear expectations.


e) Additional facilities to employees

Organizations are offering additional facilities to enhance employee satisfaction and well-being. Flexible work hours and work-from-home (WFH) options were prioritized by 58% of companies.

Accounting for 16%, various amenities and benefits are designed to improve the overall employee experience.

Additionally, 16% of organizations focused on providing subsidized cafeteria facilities.

Furthermore, 11% of companies offered creche facilities.

Additional facilities provided to employees
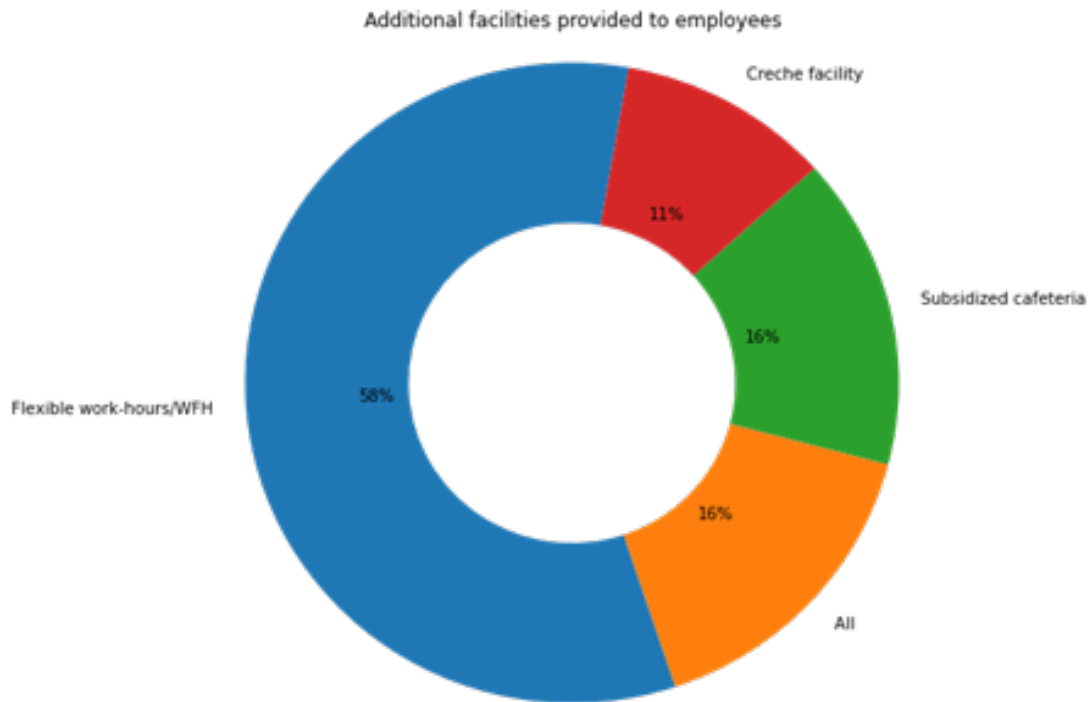
Gender wise Employee Attrition

In the BFSI sector, there are extreme gender-specific retention issues, particularly among male support employees, who exhibit a 100% attrition rate, while data for female support employees is unavailable.

Similarly, male representation is high in finance (70%) and HR (60%).

Consulting firms face significant data gaps across support, production, HR, finance, and IT roles, indicating potential deficiencies in reporting or data collection. This lack of information hampers the ability to assess and address workforce stability comprehensively.

In the government sector, male support employees experience a 50% attrition rate, while females show equal representation. Females dominate HR roles (70% vs. 30% males), but there is a lack of data on other critical roles, limiting a full understanding of workforce dynamics.

The IT/ITES sector shows high attrition among male support employees (60%), with females constituting 40% of this workforce.

Notably, female IT attrition is lower (28%) compared to males (72%), reflecting better retention among females in IT. However, finance (75% male) and HR (75% male) roles remain heavily male-dominated, highlighting the sector's struggle to achieve gender balance.

Law firms lack data on support employee attrition but report higher female representation in finance (70%). Conversely, HR roles are predominantly male (80%). In IT, male attrition is balanced (50%) with no female turnover, indicating a need for strategies to retain male IT staff.

The media sector demonstrates balanced attrition rates and equal representation across support, finance, HR, and IT roles, suggesting a more equitable workforce environment.

The skilling sector, however, suffers from significant data gaps across support, production, HR, finance, IT, and lead team roles, hindering a comprehensive understanding of workforce dynamics.

Overall, these insights reveal critical attrition issues, the lower female representation across departments underscores the ongoing challenge of achieving gender parity in many sectors.

Summary:

Across different industries, organizations prioritized employee welfare measures aligned with the Social factor of ESG.

In the BFSI sector, strategies included workplace harassment committees, comprehensive HR manuals, and training programs focused on legal compliance. Flexible work hours and WFH options (43%) support work-life balance, with subsidized cafeterias (14%) enhancing physical well-being.

Government entities prioritized whistleblower policies (100%) for transparency and offered flexible work arrangements to meet diverse needs. In the IT/ITES sector, policies combating workplace exploitation are integrated into HR manuals (50%), with workplace harassment committees (30%) ensuring a safe environment. Flexible work arrangements (67%) and subsidized cafeterias (22%) promote convenience and well-being, while creche facilities (11%) support working parents.

Media companies prioritize detailed HR policies (100%) and flexible work arrangements to foster autonomy. The skilling sector focuses on harassment committees (100%) and provides creche facilities (100%), supporting childcare needs and ensuring workplace safety.

Overall, sectors emphasize legal compliance, workplace harassment committees, flexible work options, and facilities like subsidized cafeterias and creche services to create supportive work environments aligned with ESG's Social factor. These measures enhance employee satisfaction, productivity, and well-being across diverse organizational settings.

Accountability

The methods used by organizations to collect and analyze data demonstrate a thorough approach in line with the Social aspect of ESG.

a) Baseline for Social Card

In-person analysis, which accounted for 37.5% of the baseline, emphasizes the importance of direct observation and face-to-face interactions, capturing insights into employee behaviors.

Employee surveys accounted for 37.5% of the baseline, emphasizing the importance of gathering direct feedback.

The remaining 25% was devoted to technology and dashboards, demonstrating a commitment to leveraging advanced tools for real-time monitoring and efficient data management. This balanced approach highlights the organization's dedication to combining human insights with technological precision, fostering a comprehensive understanding of the workforce.

Baseline for Social Card

In-person analysis
37.5%

Technology and dashboards
25.0%

37.5%

Employee surveys
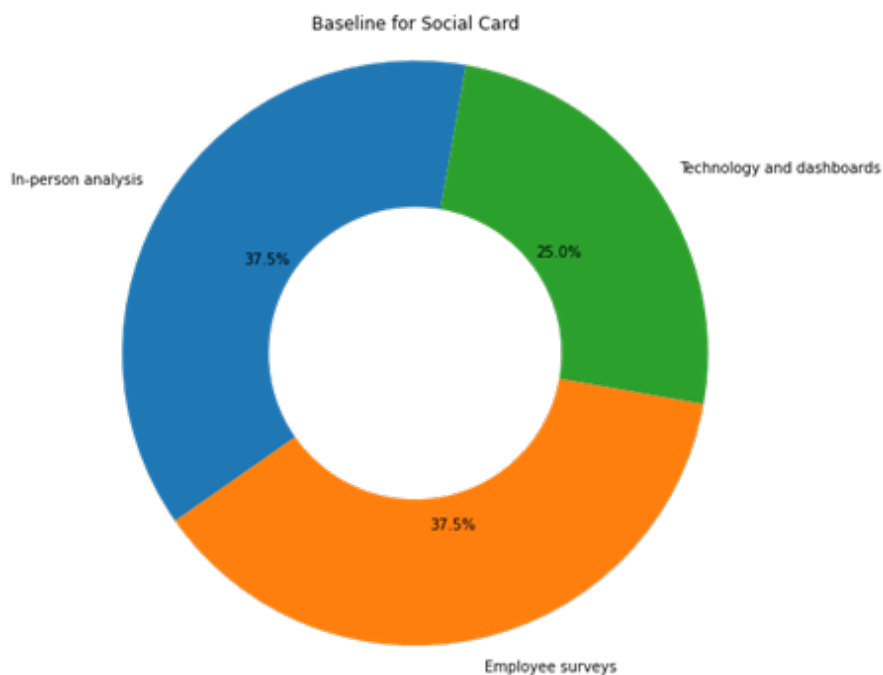
b) CSR Focus

The data reveals a comprehensive approach to Corporate Social Responsibility (CSR) across various frameworks.

Approximately 43% of CSR efforts were dedicated to the UN Sustainable Development Goals (SDGs), showcasing a commitment to addressing global challenges such as poverty, inequality, and climate change.

Another 43% adhered to Schedule 7 guidelines of the Company's Act, ensuring compliance with legal standards and corporate governance in CSR practices. Around 7% of CSR activities focused on HR initiatives, highlighting efforts to improve employee welfare, development, and workplace conditions.

Similarly, another 7% were guided by internal policies and guidelines, indicating a customized approach that aligns with the company's values and strategic objectives.

Basis for CSR focus
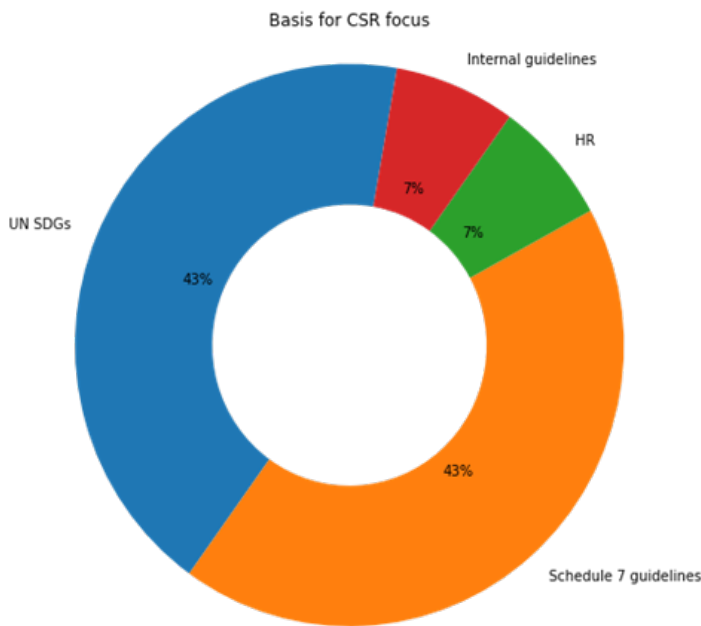
This balanced distribution demonstrates how organizations integrate global sustainability goals, legal frameworks, employee-centric initiatives, and internal guidelines to enhance societal well-being and uphold corporate governance, ultimately contributing to a holistic CSR strategy.

c) Sustainable Community

About 43.75% of efforts focused on improving the livelihoods of the community. Education, comprising around 31.25% of initiatives, 12.5% of initiatives fall under the category of "All," suggesting a holistic approach of community development including infrastructure, social services, and capacity-building. Efforts targeting Water, Sanitation, and Hygiene (WASH), green initiatives, and wellness finance collectively account for 6.25%. Another 6.25% is specifically dedicated to health and hygiene. This balanced strategy ensures that diverse community needs are addressed, fostering resilience and long-term prosperity.

Initiatives fo Sustainable Community
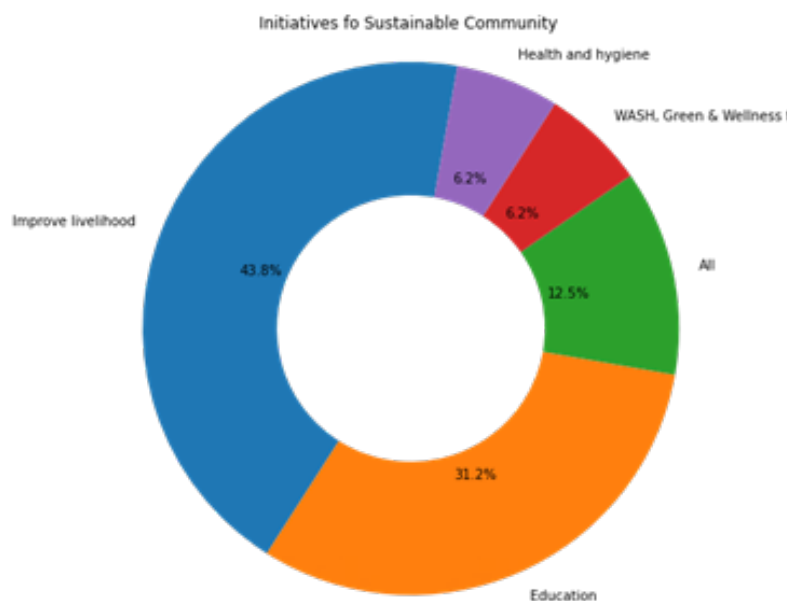
S factor and the brand image

The statistics show that respondents have a significant consensus on the usefulness of the Social (*S*) component in increasing brand value, with 94.44% confirming its positive impact.

This overwhelming majority demonstrates the widely held notion that incorporating social responsibility and sustainability into corporate operations greatly improves brand reputation and value.

Reduced environmental impact, ethical sourcing, community participation, and transparent corporate governance are key components in shaping this perception, which resonates with stakeholders such as customers, investors, and employees that value sustainability.

The 5.56% of respondents who expressed uncertainty may indicate conflicting perspectives on the value of sustainability in branding or questions about the practical benefits vs Sustainability activities to be costly.

In a changing marketplace, businesses that use the *S* factor successfully satisfy stakeholder expectations, increase competitiveness, attract socially conscious customers, and align with global sustainability goals.

Key takeaways

Gender disparity persists in almost all sectors

- Media sector shows more balanced gender representation
- HR and law firms struggle with gender balance
- IT/ITES and skilling sectors show significant male dominance.
- In support roles in sectors like BFSI, IT/ITES, Law Firm, and Consulting Firm
- Production roles exhibit variability
- Sales roles have a gender skew towards males
- Finance roles vary by sector
- Law firms often lack female representation in finance department

Attrition and Retention

- Significant gender-wise attrition
- Need for targeted retention strategies
- Requires improved data collection
- Tailored initiatives to enhance workforce stability
- Implementing inclusive workplace cultures
- Promoting transparency
- Fostering employee well-being

are essential steps for retaining talents and achieving gender parity goals.

ESG

- Prioritizing social component
- Centralized ESG data management
- Transparent communication
- Diverse employee welfare measures
- Focus on community development
- Positive impact on brand value
- Key ESG factors influences brand perception
- Meeting stakeholder expectations

India's ESG Journey

- Focus to include MSMEs
- Lack the capital
- Gap in expertise to implement sustainability measures
- External support and collaboration

The Final Word

India's ESG Journey Focus should shift to MSMEs

While India has been relatively late to adopt Environmental, Social, and Governance (ESG) standards, large corporations with international exposure have been quick to embrace these principles. However, the Micro, Small, and Medium Enterprises (MSMEs) sector still lags behind in ESG adoption.

As per a recent report published by WriteCanvas, MSMEs are increasingly valuing sustainability initiatives for profitability and brand image. Quo

Quoting Dun & Bradstreet and the SIDBI Sustainability Perception Index report, the report highlights that 89% of medium and small firms believe sustainability can improve brand image, stakeholder appeal, and profitability, with 78% less confident about cost reduction.

Despite a growing interest in ESG initiatives among MSMEs, many companies face significant challenges. While they have the internal knowledge and capacity to implement sustainability measures, they often lack the necessary capital and technical expertise. This has hindered their progress in integrating ESG practices into their operations. These observations align with the joint study WriteCanvas conducted with the DEI Committee, ASSOCHAM (South).

We believe that external support and collaboration are crucial to address these challenges and enable MSMEs to fully align with ESG standards. By providing the necessary resources and expertise, policymakers, industry leaders, and financial institutions can help MSMEs contribute meaningfully to India's overall sustainability goals. It is imperative to ensure that MSMEs are not left behind in the global push towards sustainable development.

Annexure

1. https://www.mckinsey.com/featured-insights/diversity-and-inclusion/diversity-matters-even-more-the-case-for-holistic-impact

2. https://community.nasscom.in/communities/diversity-and-inclusion/diversity-boardroom-practical-challenges-achieving-dei