

Sustainability Reporting through GRI or BRSR: A Study Related to Selected Automobile Companies in India

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Abstract

Corporate sustainability reporting has emerged as a compulsive drive due to increasing demand from various stakeholders. It induces the responsibility of sustainable practices which in-turn imbibes transparent communication by companies to transcend towards a sustainable global economy. The study involves the conceptual understanding about the Global Reporting Initiative (GRI), one of the international reporting frameworks, and the Business Responsibility and Sustainability Reporting (BRSR), mandated by Securities and Exchange Board of India (SEBI). The objective is to analyze the sustainability reporting practices of selected automobile companies in India with special emphasis to GRI. Content analysis of sustainability reports of fifteen companies of NSE Nifty Auto for the financial year 2022-23 is undertaken.

As per the study, all the selected companies have prepared BRSR as a separate annexure in their annual reports of 2022-23. 10 out of 15 (2/3rd) selected companies have opted GRI for sustainability reporting. On an average, 75% of the GRI standards have been published by the ten companies opting GRI.

Keywords

Sustainability, Global Reporting Initiative, GRI, Business Responsibility and Sustainability Reporting, BRSR.

“Meeting the needs of the present without compromising the ability of future generations to meet their own need”

-United Nations

Introduction

Sustainability, in simple terms, is the ability to sustain for long. It is derived from Latin word ‘Sustiner’ which means to hold, and has been used more in the sense of sustainability of human life on the planet earth. Hence sustainability for the corporate world is following the ways and means to sustain economically, socially, and environmentally. It is essentially, attaining the needs of all stakeholders in a

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well-balanced approach. It adheres to the principles of triple bottom line approach given by John Elkington, which states that companies are responsible not only towards making profits but also towards people and planet.

Sustainability reporting is the corporate practice of disclosing how sustainably the business operations are conducted. The importance of corporate sustainable practices and its reporting is growing year-on-year due to changing global environment. There are several global reporting frameworks like AccountAbility 1000, Agenda 21, Carbon Credit, Carbon Disclosure Project, ESG reporting, Global Reporting Initiative, ISO 14000 Series, UN Environment Programme, UN Global Compact, UN Sustainable Development Goals, etc. that help organizations to report the sustainability information. As per the study of (Kaur & Tripathi, 2019), Global Reporting Initiative is the only framework with maximum number of indicators and is the most adopted global framework.

Definition

“Sustainability reporting as per GRI Guidelines is the practice of measuring and disclosing sustainability data with performance indicators and management disclosures. It helps stakeholders to understand organizations’ sustainability performance and impacts. The process emphasizes the link between financial and non-financial performance.” (ICSI)

Literature Review

(Bhalla & Bansal, 2014) evident that Indian corporations are actively participating in the corporate sustainability reporting practices and the companies, under study, follow GRI guidelines for the reporting.

(Camargos, Jannuzzi, & Gavira, 2014) reveal that GRI model is not well used by Brazilian electricity companies and sustainability reporting must be advanced in this sector especially in relation to transparency and quality of reports.

(Goyal, 2014) emphasizes that environmental reporting is gaining more importance and found that there is variation in the disclosure among various industries as well as among companies.

(Daizy & Das, 2015) observe that sustainability disclosures are more by public mining companies as compared to the private mining companies, but quality and relevant information is disclosed by private mining companies.

(Kumar & Sagar, 2017), in their study of selected automobile companies, find that there is no significant difference between the guidelines disclosed by the companies.

Objectives of the study

To understand about one of the important international standards organizations the Global Reporting Initiative (GRI), its history, evolution, and special emphasis on revised standards published in 2021.

To study about the Business Responsibility and Sustainability Reporting (BRSR) as mandated by Indian regulator SEBI, applicable from the financial year 2022-23.

To study the sustainability reporting practices in selected automobile companies of India.

To understand the selected automobile companies’ reporting practices in accordance with GRI’s revised standards which are in effect from 1st January 2023.

Research Methodology

The study involves the content analysis of sustainability reports of selected automobile companies. Fifteen companies of NSE Nifty Auto have been selected for this study. The period considered here is the financial year 2022-23. The reports have been retrieved from the company websites.

List of the Companies

Ashok Leyland
Bajaj Auto Limited
Balkrishna Industries Limited
Bharat Forge
Bosch
Eicher Motors
Hero Motors
Mahindra & Mahindra Limited
Maruti Suzuki
Motherson
MRF
Sona Comstar
Tata Motors
Tube Investments of India Limited
TVS Motors Company Limited

Global Reporting Initiative (GRI)

GRI is the independent, international organization that helps businesses and other organizations take responsibility for their impacts, by providing them with the global common language to communicate those impacts.

GRI was founded in Boston (USA) in 1997 due to the public outcry over the environmental damage of the Exxon Valdez oil spill. It was formed by non-profit organizations Coalition for Environmentally Responsible Economies (CERES) and Tellus Institute, with the support of the United Nations Environment Programme (UNEP). The aim was to create the accountability mechanism to ensure companies to abide by the responsible environmental conduct principles, which was then broadened to include social, economic and governance issues.

The GRI Secretariat is headquartered in Amsterdam, the Netherlands, and has network of seven regional offices with locations in Brazil (2007), China (2009), India (2010), USA (2011), South Africa (2013), Colombia (2014) and Singapore (2019). GRI South Asia is based in New Delhi and Mumbai, India.

Chart 1 displays the progress of GRI over the timeline of 25 years from 1997 to 2022.

Chart 1



Source: <https://www.globalreporting.org/>

In 2016, GRI transitioned from providing guidelines to setting the first global standards for sustainability reporting – the GRI Standards. The standards continued to be updated and added, including new Standards on Tax (2019) and Waste (2020), a major update to the Universal Standards (2021) and the continued roll-out of Sector Standards (2021 onwards).

The GRI Standards enable all types of organizations to understand and report on their impacts on the profits, planet, and people in a comparable and credible way, thereby increasing transparency on their contribution to sustainable development.

The system now consists of three series of standards, which are in effect for reporting from 1st January, 2023, with early adoption encouraged.

The Universal Standards

The Sector Standards

The Topic Standards

GRI Universal Standards:

These standards, applicable to all types of organizations, are now revised to incorporate reporting on human rights and environmental due diligence, in line with intergovernmental expectations. The universal standards mainly consist of the following:

GRI 1: Foundation 2021- It figures out the need of the GRI standards, clarifies critical concepts, and details about how to use the standards.

GRI 2: General Disclosures 2021 - These give details about the organisation's profile, scale of operations, and helps in providing the situation for understanding its impact. There are 30 general disclosures in total, divided under five main heads.

GRI 2 - 1 to 5: Organization and its reporting practices

GRI 2 - 6 to 8: Activities and workers

GRI 2 - 9 to 21: Governance

GRI 2 - 22 to 28: Strategies, policies, and practices

GRI 2 - 29 to 30: Stakeholders engagement

GRI 3: Material Topics 2021 – It explains the process by which an organisation determines the topics most relevant to its impacts and describes how the standards are used in this process.

GRI 3 – 1: Process to determine material topics

GRI 3 – 2: List of material topics

GRI 3 – 3: Management of material topics

GRI Sector Standards:

The new sector standards enable more consistent reporting on sector-specific impacts. GRI, with the aim to develop standards for forty different sectors, has advanced with the high impact sectors like oil & gas, coal, mining, agriculture, aquaculture, and fishing. The sector standards are not relevant to this study since the automobile sector related standards have not yet been developed.

GRI Topic Standards:

These are adapted to be used with the revised universal standards, and lists out disclosures relevant to a particular topic. An organisation opts those topic standards that correspond to the material topics it has determined. The various topic standards developed as per the years 2016, 2018, 2019, 2020, and 2024 are as follows:

GRI 101: Biodiversity 2024

GRI 201: Economic Performance 2016

GRI 202: Market Presence 2016

GRI 203: Indirect Economic Impacts 2016

GRI 204: Procurement Practices 2016

GRI 205: Anti-corruption 2016

GRI 206: Anti-competitive Behaviour 2016

GRI 207: Tax 2019

GRI 301: Materials 2016

GRI 302: Energy 2016

GRI 303: Water and Effluents 2018

GRI 304: Biodiversity 2016



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GRI 305: Emissions 2016

GRI 306: Effluents and Waste 2016

GRI 306: Waste 2020

GRI 308: Supplier Environmental Assessment 2016

GRI 401: Employment 2016

GRI 402: Labour/Management Relations 2016

GRI 403: Occupational Health and Safety 2018

GRI 404: Training and Education 2016

GRI 405: Diversity and Equal Opportunity 2016

GRI 406: Non-discrimination 2016

GRI 407: Freedom of Association and Collective Bargaining 2016

GRI 408: Child Labour

GRI 409: Forced or Compulsory Labour 2016

GRI 410: Security Practices 2016

GRI 411: Rights of Indigenous People 2016

GRI 413: Local Communities 2016

GRI 414: Supplier Social Assessment 2016

GRI 415: Public Policy 2016

GRI 416: Customer Health and Safety 2016

GRI 417: Marketing and Labelling 2016

GRI 418: Customer Privacy 2016

GRI Reporting:

GRI reports may be published in electronic or paper-based formats and made accessible as standalone sustainability reports, webpages, or annual reports. GRI content index must be included in the reports which enables reported information traceable and increases its transparency and credibility.

Business Responsibility and Sustainability Report (BRSR):

“Securities and Exchange Board of India (SEBI) has a mandate for top 1000 listed companies (by market cap) to prepare the Business Responsibility and Sustainability Report (BRSR) to meet the reporting requirements of sustainability. BRSR replaced BRR (Business Responsibility Report) and is voluntarily applicable for the financial year ending 2022 and mandatorily applicable for the financial year ending 2023.” (DNV ESG, 2024) The BRSR framework enables the businesses to report their performance on ESG (Environmental, Social, and Governance) aspects and indicate their commitment to responsible business practices. “SEBI requires the Indian companies to respond to 140 indicators, 98 being essential and 42 being voluntary. The new BRSR is more closely aligned with GRI, one of the globally accepted reporting frameworks.” (ecovadis, 2023)

The BRSR format comprises of three sections:

General Disclosures: Displays basic information about the company, such as its products and services, place of operations, subsidiaries, and number of employees.

Management and Process Disclosures: Demonstrates the structures, policies, and processes of the company towards adopting the NGRBC (National Guidelines on Responsible Business Conduct) principles and core elements.

Principle-wise Performance Disclosures: Reports the business performance with respect to the nine NGRBC principles.

The nine principles on which the BRSR is based upon are as follows:

Principle 1: Businesses should conduct and govern themselves with integrity, and in a manner that is ethical, transparent, and accountable.

Principle 2: Businesses should provide goods and services in a manner that is sustainable and safe.

Principle 3: Businesses should respect and promote the well-being of all employees, including those in their value chains.

Principle 4: Businesses should respect the interests of and be responsive to all its stakeholders.

Principle 5: Businesses should respect and promote human rights.

Principle 6: Businesses should respect and make efforts to protect and restore the environment.

Principle 7: Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent.

Principle 8: Businesses should promote inclusive growth and equitable development.

Principle 9: Businesses should engage with and provide value to their consumers in a responsible manner.

Data Analysis

All the 15 companies have submitted Business Responsibility and Sustainability Reports as a separate annexure in their annual reports with compliance to SEBI regulations.

But, 10 companies along with BRSR, have put forward their sustainability reports as per GRI revised standards.

Ashok Leyland, Balkrishna Industries Ltd., Bharat Forge, Bosch Ltd., Hero Motors, Mahindra & Mahindra, and Sona Comstar presented their standalone sustainability reports with GRI content index.

Eicher Motors and Maruti Suzuki published sustainability reports with GRI content index in their annual reports.

Tata Motors, along with its sustainability report in its annual report has displayed standalone GRI content index.

Companies like Ashok Leyland, Mahindra & Mahindra, and Maruti Suzuki align their sustainability practices as per UNGC (United Nations Global Compact) principles and SDGs (Sustainable Development Goals) also.

Further, this study involves the analysis of ten companies' reporting practices of GRI new series of standards.

GRI Universal Standards:

GRI 1: Foundation 2021 and GRI 3: Material Topics 2021 have been complied by all the ten companies since they are the basics and know-how of GRI standards.

GRI 2: General Disclosures 2021 comprising details about organisation, activities, governance, strategies, and stakeholders consists of 30 disclosures under five different heads.

Table 1 shows the quantitative disclosures of the companies in relating to GRI 2: General Disclosures

Table 1

Name of the Company	1 to 5	6 to 8	9 to 21	22 to 28	29 to 30	Total
Ashok Leyland	5	3	13	7	2	30
Balkrishna Industries	5	3	12	5	2	27
Bharat Forge	5	2	6	4	2	19
Bosch Limited	5	3	13	7	2	30
Eicher Motors	5	3	13	7	2	30
Hero Motors	4	3	13	7	1	28
Mahindra & Mahindra	5	3	13	7	2	30
Maruti Suzuki	5	3	9	5	2	24
Sona Comstar	5	2	13	5	2	27
Tata Motors	5	3	13	7	2	30

Source: Calculations based on disclosures in the GRI content index

Interpretation

As per the above table, Ashok Leyland, Bosch Limited, Eicher Motors, Mahindra & Mahindra, and Tata Motors make all 30 general disclosures. Bharat Forge makes the least of 19 disclosures.

GRI 2: 1 to 5 disclosures are mandatory for the companies to specify relating to organisation and its reporting practices, whereas other disclosures with reasons can be omitted. All the companies have revealed all 5 disclosures except for Hero Motors which has specified 4.

GRI 2: 6 to 8 relating to activities and workers, have been specified by all companies except Bharat Forge and Sona Comstar which have specified only 2 disclosures.

GRI 2: 9 to 21 relating to governance aspects consists of 13 disclosures, Bharat Forge has displayed 6 and Maruti Suzuki 9 and rest all other companies have reported on all aspects.

GRI 2: 22 to 28 of strategies, policies, and practices, four companies have lesser disclosures than required of 7.

GRI 2: 29 to 30 of stakeholders' engagement, have been reported by all the companies except for Hero Motors with 1.

GRI Topic Standards

Companies disclose those topic standards that are relevant to their material topics. GRI 200 series relating to economic performance consists of 17 disclosures, GRI 300 series relating to environmental topics comprises of 36 disclosures, and GRI 400 series consisting of social topics covers 36 disclosures, in total of 89 disclosures.

Table 2 displays the number of disclosures of the companies under GRI Topic Standards

Table 2

Name of the Company	GRI 200	GRI 300	GRI 400	Total
Ashok Leyland	7	27	25	59
Balkrishna Industries	14	24	34	72
Bharat Forge	14	24	26	64
Bosch Limited	8	23	28	59
Eicher Motors	13	24	27	64
Hero Motors	3	18	23	44
Mahindra & Mahindra	17	28	36	81
Maruti Suzuki	3	14	17	34
Sona Comstar	14	23	29	66
Tata Motors	8	30	26	64

Source: Calculations based on disclosures in the GRI content index

Interpretation

As per the above table, out of total 89 disclosures Mahindra & Mahindra reports the highest with 81 disclosures, followed by Balkrishna Industries with 72, whereas the least disclosures of 34 topics is made by Maruti Suzuki.

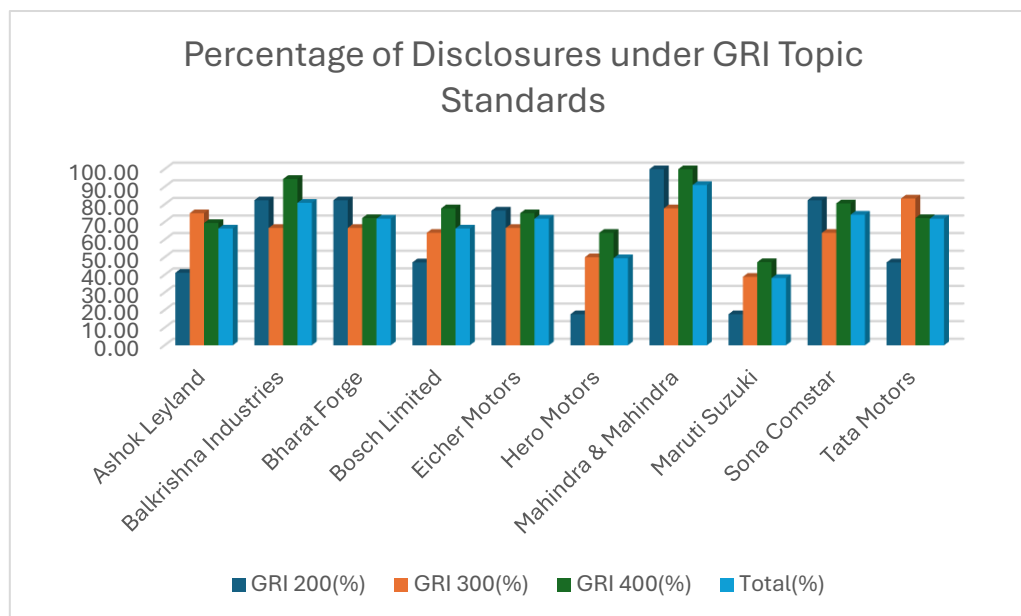
GRI 200 series of economic performance with total 17 disclosures are reported fully by Mahindra & Mahindra whereas Maruti Suzuki has done 3 disclosures, being the least among other companies.

GRI 300 series consisting of 36 disclosures under environment topic, the highest number of disclosures being submitted by Tata Motors with 30 and least disclosures of 14 by Maruti Suzuki.

GRI 400 series relating to social aspects comprises of 36 disclosures being all displayed by Mahindra & Mahindra and least disclosures of 17 by Maruti Suzuki.

Chart 2 shows the percentage-wise disclosures of GRI 200, 300, 400 series and total topic standards.

Chart 2



Source: As per calculations based on disclosures in the GRI content index

Interpretation

As per the above chart, Mahindra & Mahindra makes the highest percentage of 91% total disclosures with 100% of GRI 200 and 400 series, and 78% of GRI 300 series.

Balkrishna Industries with 81% of total disclosures stands second having 82% of GRI 200, 67% of GRI 300 and 94% of GRI 400 series.

Maruti Suzuki has the least percentage of 38% total disclosures with 18% of GRI 200, 39% of GRI 300 and 47% of GRI 400 series.

Conclusion

Sustainability reporting has become indispensable and integral part of the reporting practices of the corporate world. Due to its importance, Indian stock market and business regulator SEBI mandated the companies to prepare business responsibility and sustainability reports from the financial year 2022-23. In response to this, all the selected companies have prepared BRSR as a separate annexure in their annual reports of 2022-23 and some of the companies have published BRSR as a standalone sustainability report. The new BRSR is revised version of BRR, which is more in line to GRI reporting framework.

Though GRI standards not mandatory, 10 out of 15 (2/3rd) selected automobile companies have opted GRI for sustainability reporting, which indicates the prerequisite for the companies to be globally accepted. On an average, 28 general disclosures of 30, 61 topic disclosures of 89, forming 75% of the GRI standards have been published by the companies. GRI is an interesting initiative which keeps evolving with new revised guidelines and standards to promote transparency of the companies towards their stakeholders. But to ensure transparency and credibility, the companies must give

accurate information, otherwise the effort of BRSR becomes the mere compliant mechanism and GRI reporting becomes the element of marketing.

The very purpose of sustainability reporting, whether of BRSR or GRI or any other international reporting framework, is to imbibe sustainable development practices and report on the same by the corporate world. However, as per many studies, GRI is considered as the more comprehensive and acceptable sustainability reporting framework worldwide.

“Out of all those millions and millions of planets floating around there in space, this is our planet, this is our little one, so we just got to be aware of it and take care of it.”

- Paul McCartney

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