Wipro: Reporting as a springboard for improving ESG performance

Introduction

Wipro is a leading global information technology, consulting and business process services company. It harnesses the power of emerging technologies to help clients across six continents adapt to the digital world. Recognized globally for its strong commitment to sustainability and good corporate citizenship, Wipro started its ESG reporting journey nearly two decades ago. Since then its global workforce has more than doubled, to 220,000 employees from 100 nationalities. A significant proportion of the workforce is aged under 35 years old and for them, issues such as the environment, diversity and inclusion are high priorities.

But sustainability reporting is far more than just a box-ticking exercise, as P.S. Narayan, its Global Head of Sustainability and Social Initiatives, explained recently. The low-carbon transition brings tremendous business opportunities and potential cost-savings – an important factor when looking to get the CFO onboard with integrated reporting of financial and non-financial data. Wipro sees the Forum's Stakeholder Capitalism Metrics – which it is just beginning to report against – as bringing a valuable financial angle to the world of sustainability reporting.

Key takeaways

- Disclosures are not an end in themselves – they are a springboard for change in the company’s social and environmental policies and processes, such as improving energy efficiency and providing on-site childcare for new mothers (part of Wipro’s integrated gender programme)

- The essential drivers behind Wipro’s ESG reporting are the expectations of its large workforce of millennials, and the business opportunities – including cost savings – that a low-carbon transition offers; investors have so far been surprisingly ambivalent, but this is starting to change

- The most challenging data to source is the carbon footprint of goods and services that Wipro purchases from its suppliers; the company was surprised to find that suppliers’ emissions are greater than those arising from its own operations or business travel

- Disclosing against ESG metrics drives the integration and ownership of environmental and social goals across all company verticals

- Wipro’s suggestion for regulators is to get the balance right between detail and simplicity; a simpler version of reporting standards would probably encourage more SMEs to come on board

- Wipro’s advice to fellow practitioners is to focus first on reporting against the metrics most material to your business – don’t try to report every disclosure from the start

The Stakeholder Capitalism Metrics bring a financial angle to sustainability – they seek to quantify impacts and frame sustainability in the language of business risks and returns.

P.S. Narayan, Global Head, Sustainability and Social Initiatives, Wipro
Rationale for reporting: millennial employees and cost savings drive ESG reporting

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P.S. Narayan

Wipro is a multinational company headquartered in Bangalore, India, that delivers software services and solutions through teams of people with specific skills and competencies. The business is people-centric, employing more than 220,000 people worldwide. Given the criticality of having the right talent at the right time, Wipro’s workplace priorities must reflect the expectations of both customers and employees.

A significant proportion of Wipro’s workforce is aged 25–35 years old. “For this millennial generation,” says P.S. Narayan, “it is important to join a company that is seen to be doing the right thing.” That means creating a workplace that is inclusive and diverse, and empowering employees to contribute to their fullest potential through continuous skilling and training.

Environmental performance also matters to Wipro’s millennial employees. This means delivering Wipro’s services in the most ecological sustainable manner possible, by reducing the company’s carbon footprint, managing waste, reducing freshwater consumption and promoting the principles of biodiversity. The company has pledged to cut its carbon emissions by 55% by 2030 and to go net zero by 2040 – a decade ahead of the Paris Agreement’s target.

As a services company, one of Wipro’s main assets is human capital, so it’s important to keep the workforce motivated and fulfilled by doing the right thing for people and planet. But there are other compelling business reasons, too. Over the past 15 years, the company has analysed how the increased frequency of bad weather can have an impact on business continuity. Damage to communications infrastructure can affect the company’s ability to deliver services, while damage to transport and office infrastructure can prevent employees from commuting to work.

The transition to a low-carbon pathway brings benefits not just to the planet but also to the bottom line, such as improvements in energy efficiency that reduce costs. “This makes the ESG story easier to tell the CFO, especially early in the journey,” explains Narayan. He points to strategic opportunities for Wipro as well, in offering its clients the digital technologies they need for their own ESG reporting.

Peer pressure is also a factor behind Wipro’s ESG reporting, says Narayan: “We’re all looking at each other.” But an unexpected challenge has been the relative ambivalence of investors to the company’s ESG stance. “Our investors are being very quiet about sustainability – I wish they were more noisy!” One of the reasons is technical – investors often lack the human resources needed to understand and analyse the issues in sufficient depth. “But it’s starting to change,” he says.

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Solutions: getting the right data to support the right actions

The purpose of the ESG reporting we do is to form the basis for further actions. Disclosures are not an end in themselves – they are a springboard.

P.S. Narayan

Gathering the right data to back up social and environmental disclosures has not all been straightforward. While Scope 1 and 2 data is relatively easy to get right, details of Scope 3 emissions have proved much more challenging to source. Scope 3 for Wipro encompasses business travel, employee commuting and supply-chain emissions.

The company is confident its reporting on the carbon footprint of business travel is 100% accurate. Data on employee commuting is also good, although the impact of COVID-19 on working from home has complicated this disclosure.
However, capturing data on the emissions of suppliers of goods and services has proved much harder. Some goods suppliers are major companies such as HP that already have established carbon reporting processes. But getting data from suppliers of services such as security and housekeeping is tricky. “We use input models that triangulate values based on the volume and value of purchases,” says Narayan. What surprised Wipro – as a services-based company – was that its sourcing of goods and services from suppliers generated a higher carbon footprint than its own operations or business travel.

Wipro views the accurate reporting of ESG metrics as significant only to the extent that it leads to tangible progress within the company. As the quality of climate change reporting improves, the pressure builds on the company to do a better job, says Narayan. Wipro also uses its Scope 3 data as a basis to work with suppliers on reducing their carbon footprints.

For its people-based disclosures, Wipro captures most of its employee diversity data at the point of recruitment. In the past three to four years, the company has started reporting on sexual orientation. It was expected that garnering such information might prove problematic, but, says Narayan, “We were pleasantly surprised by the extent of self-declaration.”

Meanwhile, the metrics on women dropping out of the workforce have challenged Wipro to take remedial action. In India, women make up 40–50% of all graduates from degree courses in engineering and medicine. Yet while the entry level of women into the workforce reflects this statistic, reporting data shows that these numbers rapidly drop off, mainly due to societal pressures relating to raising a family. Wipro is addressing this challenge through its integrated gender programme, with measures such as providing childcare centres within work campuses. “Women are a very significant part of the talent pool,” says Narayan, adding, “you’re missing out if you don’t have them in your workforce.”

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**Impact, learning and advice**

Go all out on reporting against the metrics most material to your business. If you try to get everything right before you disclose, then you’ll never be ready enough.

P.S. Narayan

**Metrics as a basis for continuous improvement**

Wipro takes a “double materiality” approach to reporting on ESG metrics. In the case of climate change, it aims to assess the impacts of the company on the planet and society as well as the impacts of climate change on the company. Its motivation for reporting is to use the metrics as a basis for continuous improvement; for example, in energy efficiency. Data from Wipro’s [ESG Dashboard FY 2020–21](https://esg.wipro.com) backs this up, with the power usage effectiveness (PUE) of its data centres showing a 28% improvement over three financial years.

**Creating a more open employee culture**

One of Wipro’s most important social metrics is to report on whistle-blowers’ complaints about issues such as sexual harassment. In India, the industries reporting the highest number of such complaints are IT companies and banks. According to Narayan, “This means we have a culture that is fear-free and open, in which employees do not have apprehensions about reporting complaints.”

**Metrics drive integration of ESG goals across company verticals**

Unless regulation requires it, the purpose of ESG reporting for Wipro is to make actionable improvements to company processes. “The only way to do this,” says Narayan, “is to have strong ownership of the ESG agenda by respective functions of the company.” This means the group with responsibility for collating the metrics cannot simply ask each department for data points at the end of the year – they must work closely with each corporate vertical throughout the year. “If that happens – and it takes time – then it becomes relatively easy to use the reporting you’ve done as a basis for that function to frame their next set of goals,” says Narayan.

**Advice to fellow practitioners: get started on what’s most material**

Narayan advises his peers not to attempt to disclose against every metric from the start. Far better to focus on those metrics most material to your business and “go all out” on reporting against them. “If you try to get everything right first and you do a lot of baseline work before you disclose, then you’ll never be ready enough,” he cautions.
Advice to standard-setters and regulators: strike a balance between detail and simplicity

Wipro is one of the 1,000 largest companies in India and so falls within the ambit of tightening sustainability regulations imposed by the Securities and Exchange Board of India (SEBI). Narayan’s suggestion for regulators is: “Please get the balance right between detail and simplicity.” Sometimes, regulators “go overboard on the kind of details they expect,” he says. He recommends that any reporting mandate comes in two versions – the full, detailed version for the largest companies and a lighter version for SMEs. While SEBI is targeting the largest thousand companies in India, there are thousands of SMEs not reporting and not able to report because the framework is too complicated, he says.

Added value of the Stakeholder Capitalism Metrics

Wipro has reported against a variety of ESG frameworks for more than 15 years, including GRI and CDP. “One of the things we appreciate about the Stakeholder Capitalism Metrics is the financial angle,” says Narayan, adding, “that’s not very specific in, say, GRI.” There are many good sustainability reports that address the needs of stakeholders but don’t answer questions about quantifying the impacts – something in which investors are particularly interested. Another financial aspect of the SCMs is that they use the language of business risks and returns.

Narayan also acknowledges the important role that the Forum and its metrics are playing in simplifying the plethora of different ESG frameworks currently on the market.

P.S. Narayan