



DELIVERING SUSTAINABLE VALUE

LIGHTS, CAMERA, CHALLENGES & SOLUTIONS



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Lights, Camera, Challenges

Aristotle said, “Media is the means of catharsis and is must for normal living”. Media is considered as "mirror" of the modern society. In fact, it is the media which shapes our lives, rules our thoughts, even our opinions and judgments are drawn and decided by media. On one hand, where media is busy getting into our nerves, playing with our minds by setting our opinions on some major issues, the question arises whether media itself follow any norms? Does it consider any of its responsibility towards the society? Media communicates several responsible practices of business entities highlighting their achievements, but is media itself having any sense of social responsibility or it has just constrained itself to point out its lack in others?¹

Media and Entertainment sector is growing in India. As there is a growth, there is a change. Change in any sector or industry leads to change of dynamics and nature, which causes opportunities and challenges. Challenges creates disruption, which leads to opportunities.

Media and entertainment sector in India has an increasing upward arrow in the charts and graphs from 2016 to 2017 to 2018. Media & Entertainment sector has seen a 13% growth in the last year to reach Rs.1.5 trillion, noted the FICCI-EY report, ‘Reimagining India’s M&E sector’, released by union Ministry of Information and Broadcasting. The report forecasts that given the current growth trajectory, the sector is expected to cross Rs.2 trillion by 2020 at a CAGR of 11.6%.

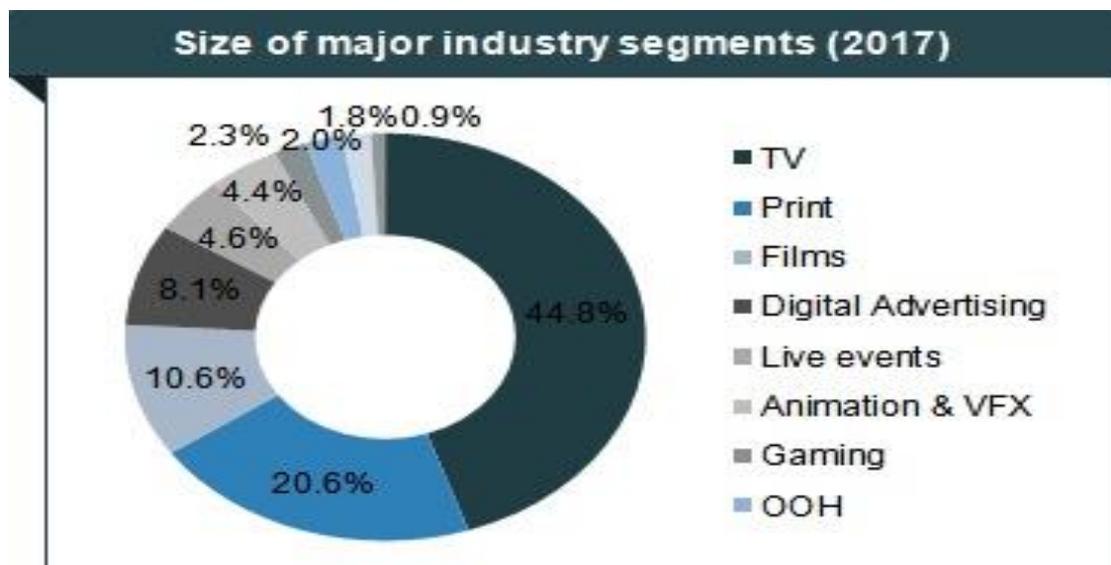


Figure 1

¹ Rashida Hasan, 2015, “A Study of Impact of CSR Practices in Media Industry”

² KPMG - FICCI Report 2017, Economic Times, Aranca Research

The media continues to be dominated by the television segment, with the segment accounting for 44.24 per cent of revenue share in 2016, which is expected to grow further to 48.18 per cent by 2021.

Print media would be the second largest sector in the overall entertainment industry in India, following which sectors of Out of Home (OOH) and Radio are expected to contribute almost 2 per cent each to the entire industry by 2021.

Challenges faced by media firms:

From basic concept designing to audience management, from recruitment to tracking ROI and attributions, from business cost to procurement and from flop reels to marginal profits, media and entertainment industry takes it all. Some other challenges faced by the media are:

1. Heterogeneous & highly competitive market
2. Cyber theft- Piracy
3. Shift of print media to digital media

Which are eating the business of the media firms and making them placed to play on the minimal margins.

The use of new technologies, innovative thinking, tailored content and channel management are important for tapping new markets and creating new business opportunities. In order to produce unique, valuable content or services, companies must continuously invest in retaining a talented, creative and digitally-skilled workforce. However, recent events have shown that the shift towards digitization has also significantly increased the risk of cyber-attacks.

The ability of companies to implement a cyber security strategy that prevents, detects and remediates those risks is key in protecting customer information and companies' own data. Rising connectivity, literacy, and expression of cultural identity through the media in developing countries is set to be a growth driver over the coming years. Given media companies' power to shape public opinion, freedom of expression, accountability and the adherence to ethical standards in advertisement will also be important determinants of success in the long term.

There are some bigger challenges media is facing which are as follows:

1. "*Unfriendly Investors*". There is a need to convince the investor that the firm is responsible in its operations, future proofed its business model and it can create value, today and tomorrow for all the stakeholders? Is the governance of the firm balances interests of all stakeholders? Does the firm adhere to fair means and honest practices? Non- financial information like diversity; checks and balances; cultural expression and social cohesion; interaction with the public; outreach on sustainable development-related issues etc. are important to an investors and can be critical in assuring the investor.
2. "*Social footprint of the content*". Lack of social sustainability performance of the firm. Lack of reporting of what other activities the firm is engaged in other than its primary business. How this firm is contributing to its community and other stakeholders.
3. "*Creating a brand outside the business box*". Lack of goodwill in public's image. "Ah, this firm made some huge flops this year. But it will rise again, I believe in this firm". The statement says it all.

4. “Creating a *sustainable business model*”. Adopting sustainable practices into your business model. Creating a circular economy inside the business model. Taking care of long run risks and cost saving procurement methods.

Sustainability leaders 2018

RobecoSAM Gold Class	
Pearson PLC	United Kingdom
RobecoSAM Silver Class	
JCDecaux SA	France
Telenet Group Holding NV	Belgium
RobecoSAM Bronze Class	
Liberty Global PLC	United States
Sky PLC	United Kingdom
Television Francaise 1	France
Sustainability Yearbook Members	
Informa PLC*	United Kingdom
Modern Times Group MTG AB	Sweden
Vivendi SA	France
WPP PLC	United Kingdom

* RobecoSAM Industry Mover

Industry statistics

Number of companies in universe	73
Number of companies assessed by RobecoSAM in 2017	53
Assessed companies to total companies in universe (%)	73
Market capitalization of assessed companies to total market capitalization (%)	90

Results at industry level

Dimension	Average score	Best score	Dimension weight
Economic	43	75	44%
Environmental	37	100	17%
Social	34	83	39%

Total score



3

To future proof business in media sector, it is imperative to address:

Economic Dimension

- Brand Management
- Codes of Business Conduct
- Customer Relationship Management
- Information Security & Cybersecurity

Environmental Dimension

- Environmental Policy & Management

Systems

³ RobecoSAM (2018), Sustainability Yearbook



- Operational Eco-Efficiency

Social Dimension

- Human Capital Development
- Responsibility of Content
- Talent Attraction & Retention

Pearson is an international media company with businesses in education, business information, and consumer publishing. The company is comprised of Pearson, a provider of curriculum materials, multimedia learning tools and testing programs, The Financial Times Group, a provider of a broad range of business information and multimedia services to the international business community, and the Penguin Group, a publisher of everything from novels and classics to cookbooks around the world. Pearson has 37,000 employees based in more than 60 countries.⁴

RobecoSAM has highlighted Pearson in gold class sustainability leader. Why? Because Pearson reports on the material issues and contribute to the SDGs because they matter to their stakeholders. They seek to be as transparent as possible in order to earn trust, meet the needs of customers and learners, and share the goals for making the company and the world better. Through their 2020 Sustainability Plan, their products and services, and the work that they do every day, helps in shaping the tomorrow. Three focus areas they work on are – *reach more learners, shape the future of learning, and be a trusted partner*. This drive the commitment to integrating social and environmental issues into every aspect of their business. By living out to their values and addressing key issues, they foster innovation and growth, strengthen their operations, and contribute to the UN Sustainable Development Goals (SDGs).

This perfect example explains why Media and Entertainment Industry should adopt sustainability into their operations and make their company better and to have concerned stakeholder's trust and make their community better.



⁴ www.csrhub.com/CSR_and_sustainability_information/Pearson

The “Unfriendly investor” problem, has a solution in the governance part. Responsible firms provide an ESG disclosure i.e. Environmental, Social and Governance disclosure in which all the aspects of environment, social and governance are being notified and company’s approach and performance is reported to the investor.



To make your company a stakeholder friendly, you may opt for preparation of Sustainability/ Integrated reports with GRI/IIRC Standards. Reporting can initiate the process of periodic and structured engagement with the stakeholders, improve transparency and build pressure on the firm to improve the performance year-after-year. Providing right information to the stakeholders and investors can help in gaining their trust and can create more business opportunities.

Engagement in Community investment can create a goodwill among your audiences and general public. In India, as per Companies Act (2013); Schedule 135, firms are obligated to have CSR policy and board level focus on community social investment of 2% of profits. Media and Entertainment Industry can adopt this and can create more target audience and coverage.

ABOUT US

RSM GC Advisory Services provides strategic, financial and technical advisory services in Renewable Energy, Energy Efficiency, Sustainability, CSR and Climate Change. We are a leading advisor with expertise across Sustainability Performance Management & Reporting (GRI, CDP, UNGC, BRR etc.), CSR Management, Compliance to Section 135, Strategic CSI, Climate Strategy, Carbon & Water Management, electricity markets, renewable energy, energy efficiency, PAT, ISO Advisory among other services.

RSM GC Advisory is the preferred partners for many businesses in India and Southeast Asia for developing, deploying and managing sustainability performance improvement programs and associated reporting. RSM GC Advisory assists clients to assess and harness the opportunities from emerging regulations in Renewable Purchase Obligations (RPOs)/ Renewable Energy Certificates (RECs) and Energy Efficiency Certificates.

Our team of experts have a combined experience of over 100 person years of technical, process and financial expertise and with clients across India, South East Asia and Africa, RSM-GC's experienced staff has advised many reputed national and multinational corporations in India and abroad in management of environmental and social responsibilities as well as governments, multi-laterals in policies and strategies.

WHAT WE DO?

We are:

1. Sustainability Professionals
2. Energy Efficiency Professionals
3. CSR and Human Rights Consultants

Our services for media firms:

1. In Disclosures (CSR-required by Companies Act, 2013, Sustainability, BRR-required by SEBI, Integrated report-recommended by SEBI and Appreciated by FIIs)
2. Third Party Evaluation (External Evaluation) of CSR Projects
3. In Sustainability Performance Improvement (Operational Eco-Efficiency, Codes of Business Conduct)
4. Environmental, Social and Governance (ESG) Due Diligence as required by investors

WHY US?

Based in Mumbai and Chennai we are engaged in providing a vast range of services to clientele. Clients prefer us because:

- Leadership in practice areas
- Transparency in deals
- Ethical business practices
- Flexible cost and payment schedules
- Customized offerings
- Client centric approach
- Timely delivery

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