CORPORATE SOCIAL RESPONSIBILITY UNDER THE COMPANIES ACT, 2013

BY

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1. INTRODUCTION

"Social obligation is much bigger than supporting worthy causes. It includes anything that impacts people and the quality of their lives." - *William Ford Jr., Chairman, Ford Motor Co.*

In recent years, increased attention has been given to the concept of Corporate Social Responsibility. It is based on the idea that not only public policy but companies, too, should take responsibility for social issues. The idea of being a socially responsible company means doing more than comply with the law when investing in human resources and the environment. In fact, the ultimate aim of Corporate Social Responsibility is to deliver a sustainable society in which business and its stakeholders can prosper in the long term. On the road to achieving this goal, India has become the first country in the world to legally mandate corporate spending on social welfare. The new Companies Act of 2013 describes the role of companies towards corporate social responsibility.

There is no dearth of CSR opportunities to address as the needs in India are vast. A recent study by the Oxford Poverty and Human Development Initiative estimated that approximately 650 million people, or fifty-three percent of India's population, live in poverty. In 2010, the World Bank estimated that about 400 million people in India live on less than U.S. $1.25 a day. Poverty is also intertwined with illiteracy, gender inequality, and disease. Several environmental issues confront India, such as deforestation, illegal wildlife trading, loss of biodiversity, water pollution, air pollution, and vulnerability of Indian population to natural disasters, among other issues.

The CSR requirement should be viewed as an opportunity to effect positive impact on the communities where they work and in the communities they affect. Hence companies need to view CSR as a necessary cost and not an arduous reporting requirement.

1.1. What is a Company?

A company is an association or collection of individuals, whether natural persons, legal persons, or a mixture of both. Company members share a common purpose and unite in order to focus their various talents and organize their collectively available skills or resources to achieve specific, declared goals.

A company can be defined as an "artificial person", invisible, intangible, created by or under law, with a discrete legal entity, perpetual succession and a common seal. It is not affected by the death, insanity or insolvency of an individual member.

The English word *company* has its origins in the Old French military term *compaignie* (first recorded in 1150), meaning a "body of soldiers", and originally taken from the Late Latin word *companio* "companion, one who eats bread [*pane*] with you", first attested in the Lex Salica as a calque of the Germanic expression **gahlaibo* (literally, "with bread"), related to Old High German *galeipo* "companion" and Gothic *gahlaiba* "messmate". By 1303, the word referred to trade guilds. Usage of *company* to mean "business association" was first recorded in 1553, and the abbreviation "co." dates from 1769. (The equivalent French abbreviation is "cie".)

According to Sec.2(20) of the Companies Act, 2013, “company” means a company incorporated under this Act or under any previous company law.

1.2. What is Corporate Social Responsibility (CSR)?

Corporate Social Responsibility is a management concept whereby companies integrate social and environmental concerns in their business operations and interactions with their stakeholders. CSR is generally understood as being the way through which a company achieves a balance of economic, environmental and social imperatives, while at the same time addressing the expectations of shareholders and stakeholders.

A single globally accepted definition of CSR does not exist, as the concept is still evolving. The language used in relation to CSR is often used interchangeably with other related topics, such as corporate sustainability, corporate social investment, triple bottom line, socially responsible investment and corporate governance. However, various individuals and organisations have developed formal definitions of CSR; some of them are given below.

“Corporate social responsibility is the commitment of businesses to contribute to sustainable economic development by working with employees, their families, the local community and society at large, to improve their lives in ways that are good for business and for development.” *(World Bank Group)*

"The social responsibility of business encompasses the economic, legal, ethical, and discretionary expectations that society has of organizations at a given point in time." *(Archie B. Carroll, 1979)*

"CSR is about businesses and other organizations going beyond the legal obligations to manage the impact they have on the environment and society. In particular, this could include how organizations interact with their employees, suppliers, customers and the communities in which they operate, as well as the extent they attempt to protect the environment." *(The Institute of Directors, UK, 2002)*

Corporate Social Responsibility is 'a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis'. *(*European Commission, *Promoting a European Framework for Corporate Social Responsibility*, European Union Green Paper (July 2001)

Basically it is an attempt to align private enterprises to the goal of sustainable global development by providing them with a more comprehensive set of working objectives than just profit alone. The perspective taken is that for an organization to be sustainable, it must be financially secure, minimize (or ideally eliminate) its negative environmental impacts and act in conformity with societal expectations.

A properly implemented CSR concept can bring along a variety of competitive advantages, such as enhanced access to capital and markets, increased sales and profits, operational cost savings, improved productivity and quality, efficient human resource base, improved brand image and reputation, enhanced customer loyalty, better decision making and risk management processes.

1.3. CSR Vocabulary

CSR is also referred to as:

- ✓ ‘corporate’ or ‘business responsibility’
- ✓ ‘corporate’ or ‘business citizenship’
- ✓ ‘community relations’
- ✓ ‘social responsibility’

Closely related concepts that are all contained within the total CSR perspective are:

- social and environmental auditing
- stakeholder theory
- business ethics
- environmental sustainability
- strategic philanthropy (cause-related marketing)

- corporate governance

1.4. Need for CSR

While recognizing that profits are necessary for any business entity to exist, all groups in society should strive to add value and make life better. Businesses rely on the society within which they operate and could not exist or prosper in isolation. They need the infrastructure that society provides, its source of employees, not to mention its consumer base. CSR is recognition of that inter-dependence and a means of delivering on that obligation, to the mutual benefit of businesses and the societies within which they are based.

CSR broadly represents the relationship between a company and the wider community within which the company operates. It is recognition on the part of the business that 'for profit' entities do not exist in a vacuum, and that a large part of any success they enjoy is as much due to the context in which they operate as factors internal to the company alone. In general, the goal of any economic system should be to further the general social welfare. In advanced economies, the purpose of business should extend beyond the maximization of efficiency and profit. Increasingly, society expects businesses to have an obligation to the society in which they are located, to the people they employ, and their customers, beyond their traditional bottom-line and narrow shareholder concerns.

CSR is an argument of economic self-interest for a business. In today's brand-driven markets, CSR is a means of matching corporate operations with stakeholder values and demands, at a time when these parameters can change rapidly. One example is a company's customers: CSR adds value because it allows companies to better reflect the values of this important constituent base that the company aims to serve.

CSR covers all aspects of a business' day-to-day operations. Everything an organization does in some way interacts with one or more of its stakeholder groups, and companies today need to build a watertight brand with respect to all stakeholders. Whether as an employer, producer, buyer, supplier, or investment, the attractiveness and success of a company today is directly linked to the strength of its brand.

CSR affects all aspects of all operations within a corporation because of the need to consider the needs of all constituent groups. Each area builds on all the others to create a composite of the corporation (its brand) in the eyes of all stakeholder groups.

Some of the factors that support Corporate Social Responsibility are –

- economic considerations — socially responsible corporations send positive signals to all their stakeholders and differentiate themselves from competitors, thereby enhancing their long and short-term profits;
- human resource considerations — socially responsible corporations attract higher quality staff;
- legal considerations — socially responsible corporations can avoid interference in their business; and
- ethical and philanthropic considerations — corporations have general responsibilities to the societies they function in. This point stems from the idea of 'noblesse oblige' (the obligation of nobility), the idea that a corporation as an entity is far more powerful than any single individual, and hence bears greater responsibility toward society.

1.5. Importance of CSR in present scenario

CSR as a strategy is becoming increasingly important for businesses today because of three identifiable trends, namely – changing social expectations, increasing influence and globalization.

Consumers and society in general expect more from the companies whose products they buy. This sense has increased in the light of recent corporate scandals, which reduced public trust of corporations, and reduced public confidence in the ability of regulatory bodies and organizations to control corporate excess.

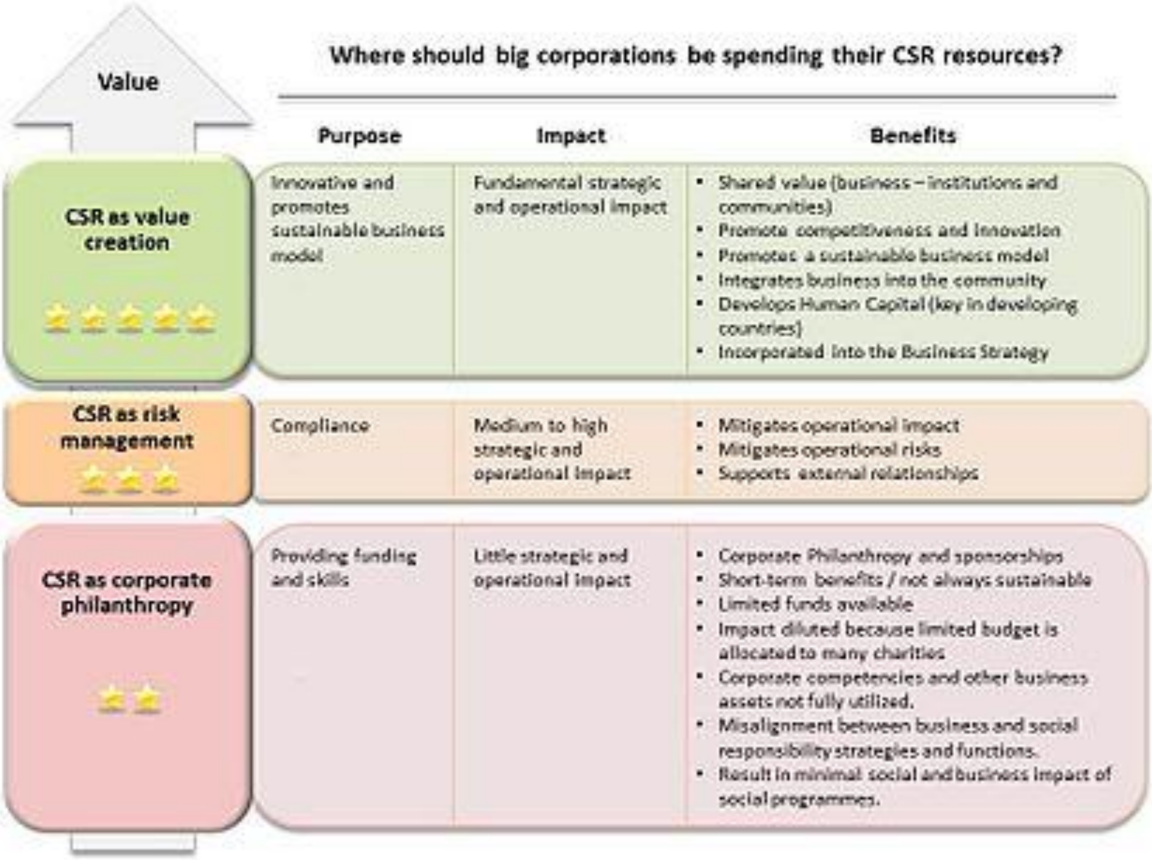
The growing influence of the media sees any 'mistakes' by companies brought immediately to the attention of the public. In addition, the Internet fuels communication among like-minded groups and consumers—empowering them to spread their message, while giving them the means to co-ordinate collective action (i.e. a product boycott).

CSR has become an important business strategy because, wherever possible, consumers want to buy products from companies they trust; suppliers want to form business partnerships with companies they can rely on; employees want to work for companies they respect; and NGOs, increasingly, want to work together with companies seeking feasible solutions and innovations in areas of common concern. Satisfying each of these stakeholder groups allows companies to maximize their commitment to another important stakeholder group—their investors, who benefit most when the needs of these other stakeholder groups are being met.

CSR is increasingly crucial to maintaining success in business by providing a corporate strategy around which the company can rally, but also by giving meaning and direction to day-to-day operation.

CSR is particularly important within a globalizing world because of the way brands are built on perceptions, ideals and concepts that usually appeal to higher values. CSR is a means of matching corporate operations with stakeholder values and demands, at a time when these values and demands are constantly evolving.

In general, the goal of any economic system should be to further the general social welfare. In advanced economies, the purpose of business should extend beyond the maximization of efficiency and profit. Increasingly, society expects businesses to have an obligation to the society in which they are located, to the people they employ, and their customers, beyond their traditional bottom-line and narrow shareholder concerns.



Where should big corporations be spending their CSR resources?

Value

	Purpose	Impact	Benefits
CSR as value creation ★★★★★	Innovative and promotes sustainable business model	Fundamental strategic and operational impact	• Shared value (business – institutions and communities) • Promote competitiveness and innovation • Promotes a sustainable business model • Integrates business into the community • Develops Human Capital (key in developing countries) • Incorporated into the Business Strategy
CSR as risk management ★★★	Compliance	Medium to high strategic and operational impact	• Mitigates operational impact • Mitigates operational risks • Supports external relationships
CSR as corporate philanthropy ★★	Providing funding and skills	Little strategic and operational impact	• Corporate Philanthropy and sponsorships • Short-term benefits / not always sustainable • Limited funds available • Impact diluted because limited budget is allocated to many charities • Corporate competencies and other business assets not fully utilized. • Misalignment between business and social responsibility strategies and functions. • Result in minimal social and business impact of social programmes.

2. ORIGIN OF CORPORATE SOCIAL RESPONSIBILITY

The need for Corporate Social Responsibility and reporting can be traced to ancient times. Even though the concept of a corporation only emerged much later, the ancient Code of Hammurabi already contained an element of Corporate Social Responsibility in relation to businesses in Babylon. For example, if a man built a house badly and it fell and killed someone, the builder was to be slain. Hammurabi implemented the rule of 'an eye for an eye' for individuals and for the businesses they were running. Furthermore, roots of Corporate Social Responsibility may also be found in Japan with the Meiji restoration in 1868 with the development of concepts such as *shobaido* (the way of doing business) and *shonindo* (the way of the merchant). In ancient Japan during the Edo era (1603-1868), merchants were relegated to the bottom of societal hierarchy, only above the outcast members of society — this hierarchy only began to crumble when a former merchant, Baigan Ishida, developed the concept of *shonindo* (the way of merchant) in combination with an ethical system called *shingaku* (heart learning), which held honest merchants on the same moral plane to the well-respected *samurai* (warriors). It is also interesting to note that with the modern Japanese word *kaisha* (company), when the syllables are reversed, *shakai*, it means society — implying a kind of mirror relationship between the two. Accordingly, the notion of Corporate Social Responsibility is not new.

Worldwide interest in corporate social reporting has fluctuated over time. The acknowledgement of corporate social reporting started to be felt after the end of World War II and the evolution of this notion can be roughly divided into four phases, characterized by varying levels of interest in conceptual and practical developments.

Phase 1: from 1945 to the Late 1960s

The collapse of capitalism during the great depression reinforced the belief that companies were a necessary evil and that there was a malignant concentration of power in their hands. However, different companies' profiles were improved during World War II due to companies' proclaiming their patriotism to their country. For instance,

Peter Drucker noted that the corporate form has 'emerged as the representative and determining socioeconomic institution which sets the pattern' for the way of life and the mode of living of society. With the end of the war, a number of prominent academics, such as

Donald K Davids, were strong advocates of Corporate Social Responsibility and Reporting. Such support reflected a pervasive cold war ideology. The consensus by 1949 was that Soviet Communism represented an attack against capitalism and Western power and dominance. Soviet Communism was also viewed as a danger to the American way of life. As a result, business leaders declared that their responsibility is not only to their company but also to the world. Further, it was viewed by some that, if companies did not go beyond the bottom line, civilization will be threatened.

The decade of the 1960s saw a significant growth in attempts to formalize or more accurately state the meaning of Corporate Social Responsibility. One of the prominent writers in that era on this topic was Keith Davis who described Corporate Social Responsibility as 'the businessman's decisions and actions taken for reasons at least partially beyond the firm's direct economic or technical interest… which need to be commensurate with the company's social power'. From the late 1950s to the late 1960s, public faith in government dwindled due to the fact that a number of government initiatives to help the community resulted in failure, leaving people disillusioned. As a consequence, members of the general public looked to corporations to deal with problems which they felt that the government was incapable of managing and, as a result, pressure grew on companies to take into consideration corporate social issues.

In the mid to late 1960s, capitalism was fighting a battle for legitimacy. There was growing interest in corporate ethics, corporate power, social responsibility and ecological degradation. Many movements in that decade pushed organisations to be more socially responsible. This period saw the emergence of the green movement, the nuclear disarmament protests, the 1968 Paris riots, labour disputes, and the rise of trade unions in the US. The 1950s and 1960s saw the emergence of a generation of businessmen who were able and willing to support the concept of Corporate Social Responsibility. Chief Executive Officers viewed themselves as 'corporate statesmen' that had a responsibility to balance the interests of shareholders, consumers, employees and the general public.

Finally, in the late 1950s and early 1960s, some companies started publishing corporate social reports. For example, the Dutch company, Gist Brocades, which had a tradition of progressive social policies, started publishing social reports from 1959. All of these reasons motivated people to take into consideration Corporate Social Responsibility, and they pushed companies toward corporate social reporting.

Phase 2: the Late 1960s to Late 1970s

With the end of World War II, Keynesian welfare was recognised and became accepted by governments around the world. The Keynesian welfare state assumes that government expenditure leads to public spending, which stimulates the economy and results in higher tax revenue leading to more generous social spending. Marwick observed that the Keynesian welfare state was considered as the 'totality of schemes and services through which central government, together with the local authorities, assumed a major responsibility for dealing ith all the different types of social problems which beset individual citizens'.

The rise of the Keynesian welfare state was apparent in the 1960s with the implementation in England and Wales of the Seebohm Report (1968) and the adoption in Scotland of the Kilbrandon Report (1964). Similarly, in the same period, Australia pursued a Keynesian path by using labour market and economic policy to achieve social goals. As a consequence, in the 1970s, public interest in Corporate Social Responsibility and corporate social reporting increased. It became a fashionable phrase in business and socio-political circles.

Further, in view of the rise of the Keynesian welfare state, the 1970s witnessed a re-examination of the relations between the corporations and society based on a new awareness of the positive and negative social impacts of business activities. Reporting indicators of social performance and assessment criteria were designed by businesses and the academic community and were tested by innovative companies. Interest in corporate social reporting was high, business journals frequently carried articles on new approaches, and analysts and experts tried to evaluate social reports and the information they provided. Many institutional investors in Europe and America who were interviewed for a study on the importance on Corporate Social Responsibility observed that an appropriate concern for Corporate Social Responsibility on the part of the company is a sign of good management and, accordingly, consistent with and necessary for good investment. For instance, a university executive committee policy resolution noted the importance of Corporate Social Responsibility: 'The Committee deems it prudent to invest only in the securities of corporations in whose management it has confidence as being not only able and efficient but also responsible to the public interest because these are the corporations that will produce the best long-term result.'

The UK Accounting Standards Steering Commission produced what is considered as the most radical restatement from the accounting profession of how corporate disclosure would be improved by social and environmental reporting. At the same time, the US accounting profession published texts supporting corporate social reporting.

In France, Alain Chevalier issued *Le Bilan Social de l'Entreprise* in the 1970s. This publication led to a major movement in relation to Corporate Social Responsibility and resulted in the use of mandatory reporting in France in relation to public companies listed on the stock exchange.

In the 1970s, corporate social reporting gained momentum. Public pressure and the level of criticism of the business system had risen sharply during that period and played a partial role in the development of the concept of Corporate Social Responsibility. The performance of businesses, and the powers and privileges allocated to the big corporations, were called into question due to the birth of what some may call 'super capitalism' which replaced democratic capitalism. As a result of super capitalism, large firms became more competitive, global and innovative. Further, with the acceleration of globalisation, the number of transnational corporations increased and resulted in a massive exploitation of developing countries. All this led to the emergence of the New Social Movements (NSMs). Such movements embodied 'community-based coalitions that are made up of a combination of labour, environmental groups, students, human rights groups, and NGOs. Their mission is to make issues such as equity, dignity, well-being and sustainability as important as profitability and capital accumulation, and to ultimately create a global civil movement'. In short, NSMs aim for the creation of a global civil society movement and as such they became vocal critics of capitalism.

As a consequence, more and more companies voluntarily joined the social reporting movement, partly because such reporting seemed a possible answer to any criticism directed at them. An annual survey showed that 298 of the Fortune 500 industrial firms disclosed some type of social performance data in their 1973 annual reports. The majority of these disclosures were in the category of environmental control.

Organisations started to use corporate social reports as a management and communication tool with stakeholders such as their employees. For instance, Campbell Soup Company's 1975 annual report included a new section titled Corporate Citizenship. This section described the company's charitable contributions, minority enterprises, work with youth and the elderly, and a special museum project for the bicentennial celebration.

Organisations were also encouraged to be good corporate citizens. In 1977, for example, the monthly magazine *PW* put up a prize for the best social report of the year. Social reports were published by different types of organisations such as state owned organisations, accounting firms, universities, and corporate divisions.

Phase 3: The Late 1970s to the Late 1990s

Interest in social reporting started to evaporate from the late 1970s to the late 1990s. Although the companies that had pioneered concepts of corporate social reporting continued their efforts in that area, few companies joined their cause. An economic crisis in 1976 in England gave impetus to the critics of Keynesianism from the neo-liberal right and a de-legitimation of the Keynesian welfare state. Public expenditure was no longer considered as a solution but a problem. As a result, the Labour government stressed on the importance of the pursuit of efficacy and it attempted to win trade union support by continuing the Keynesian welfare state's benefit and services. However, in 1978/79, this strategy backfired and led to massive public sector strikes. With the coming of Conservative Thatcher government, the British welfare system was exposed to a neo-liberal agenda of privatization and deregulation. The Conservative government believed that this new agenda would replace the failing of the Keynesian welfare state.

Similarly, the Keynesian welfare state declined in Australia. During 1983 to 1996, the Commonwealth labor government sought to restructure the economy to deal with its lagging growth and to promote its global fitness by moving away from the Keynesian welfare state. Additionally, in the US, in the 1980s, the Reagan administration pulled away from the Keynesian economics when dealing with the financial crisis that was precipitated by the Vietnam War. It is interesting to note that before that date, the US governments had been committed to the Keynesian welfare state. Further, in the 1980s, fewer definitions of Corporate Social Responsibility were put forward. Even though there was no consensus in relation to the definition of Corporate Social Responsibility, in the 1990s, there was a move toward alternative themes that were related and sometimes based on Corporate Social Responsibility such as stakeholder theory, business ethics theory and corporate citizenship. Calls for the development of a uniform reporting system seemed to fall on deaf ears. One of the reasons was the resistance of organized groups to the concept of regulating corporate social reporting. Certain international labor groups opposed specific proposals for universal rules of corporate social reporting, noting that such rules might interfere with the ability of unions to negotiate local or international collective bargaining agreements with individual employers or specific industries. Another reason for the stagnation of the corporate social reporting movement was the collapse of the former socialist economies and the resulting development of neo-liberal economic policies in those governments and this had a direct

effect on Corporate Social Responsibility because Corporate Social Responsibility is the end goal of Corporate Social reporting — reporting is one basic means towards achieving it.
Such policies gave corporations the freedom to increase 'shareholder value' at the expense of other stakeholders. All this, along with the globalisation of business strategies, fostered reservation and at times hostility toward the concept of Corporate Social Responsibility.

Phase 4: the Late 1990s to the Present

The 1990-2000s period started with the global hegemony of neo-liberalism — when the hype is about the reduction of barriers to free trade and deregulation. The same period also had countervailing battles over free trade between the G7/8 and G77 in the World Trade Organisation (WTO) and Foreign Direct Investment (FDI) context. Further, the 1998 Organisation for Economic Co-operation and Development (OECD)'s Multilateral Agreement on Investment (MAI) fiasco had demonstrated that governments were still not ready to make their governance of investment more uniform.
The experience of the 2000s greatly dimmed the luster of neo-liberalism, climaxing with the 2008 global share market crisis. It had become apparent that free-market strategies had failed to solve social problems, and that simply maximising shareholder value did not automatically improve and strengthen the welfare of society. Widespread corporate irresponsibility such as the high profile corporate collapses of Enron and Lehman Brothers, the health controversy of James Hardie's asbestos products; combined with the increasing concern of climate change and product safety issues — have fuelled the awareness of corporate responsibility and the needs of proper corporate social reporting.
Different stakeholders have started to step up and adopt the concept of Corporate Social Responsibility and corporate social reporting. Additionally, the development of the internet made it easier for people to gain access to information about a company's social and environmental performance, and allowed different groups to communicate and interact.
As a result, investors were able to exert pressure on companies to be more socially responsible. Today, increasing numbers of shareholders bring proposals before annual meetings of corporations all over the world. Some pressure groups even buy shares in companies to engage in this kind of shareholder activism.

Recent Trends in Corporate Social Responsibility Reporting

There has been a significant increase in the level of corporate responsibility reporting in most countries in recent years.

A range of drivers for corporate social reporting that businesses considered important are - economic considerations, ethical considerations, innovation and learning, employee motivation, risk management or risk reduction, access to capital or increased shareholder value, reputation or brand, market position improvement, strengthened supplier relationships, cost saving, improved relationships with governmental authorities etc. Clearly, economic reasons were the most common driver for sustainability reporting, which makes sense, since company directors are obliged to maximise shareholders' long-term and short-term wealth, and profit-making is at the core of all business entities.

With the increasing interest in Corporate Social Responsibility, a new class of investment has attracted more attention than ever — the socially responsible investment (sometimes used interchangeably with the term 'ethical investment'). Although more has been heard recently regarding socially responsible investments, the concept itself is not new. It has its roots in 18th century religions and 1960s anti-war sentiments. At the core of socially responsible investment is the fundamental idea that investments that are deemed harmful and unethical to society should be screened out from investment portfolios, regardless of how potentially profitable they are. Typically this means avoiding investing in companies that are involved in firearms, military weapons, alcohol, tobacco, gambling and so on.

Although there have not yet been any conclusive empirical results indicating whether socially responsible investment portfolios outperform the traditional investment portfolios, the increase in public demand for socially responsible investment has sent a strong message to all companies that investors are increasingly concerned about the issue of Corporate Social Responsibility.

3. CORPORATE SOCIAL RESPONSIBILITY – GLOBAL PRINCIPLES AND GUIDELINES

1) UN Global Compact (UNGC)

www.unglobalcompact.org/

The United Nations Global Compact is a United Nations initiative to encourage businesses worldwide to adopt sustainable and socially responsible policies, and to report on their implementation. The UN Global Compact is a principle-based framework for businesses, stating ten principles in the areas of human rights, labour, the environment and anti-corruption. Under the Global Compact, companies are brought together with UN agencies, labour groups and civil society.

The UN Global Compact is the world's largest corporate citizenship initiative with two objectives: "Mainstream the ten principles in business activities around the world" and "Catalyze actions in support of broader UN goals, such as the Millennium Development Goals (MDGs). (The Millennium Development Goals (MDGs) are eight international development goals that were established following the Millennium Summit of the United Nations in 2000.)

The UN Global Compact was announced by then UN Secretary-General Kofi Annan in an address to the World Economic Forum on January 31, 1999, and was officially launched at UN Headquarters in New York on July 26, 2000.

The Global Compact Office is supported by seven UN agencies: the United Nations Framework Convention on Climate Change; the United Nations High Commissioner for Human Rights; the United Nations Environment Programme; the International Labour Organization; the United Nations Development Programme; the United Nations Industrial Development Organization; and the United Nations Office on Drugs and Crime.

The UN Global Compact was initially launched with nine Principles. On June 24, 2004, during the first Global Compact Leaders Summit, Kofi Annan announced the addition of the tenth principle Against corruption in accordance with the United Nations Convention against Corruption adopted in 2003.

The UN Global Compact is not a regulatory instrument, but rather a forum for discussion and a network for communication including governments, companies and labour organisations, whose actions it seeks to influence, and civil society organizations, representing its stakeholders. The UN Global Compact says that once companies declared their support for the principles "This does not mean that the Global Compact recognizes or certifies that these companies have fulfilled the Compact's principles." The UN Global Compact's goals are intentionally flexible and vague, but it distinguishes the following channels through which it provides facilitation and encourages dialogue: policy dialogues, learning, local networks and projects.

The ten principles are as follows –

Human Rights

Businesses should:

1) Principle 1: Support and respect the protection of internationally proclaimed human rights; and

2) Principle 2: Make sure that they are not complicit in human rights abuses.

Labour Standards

Businesses should uphold:

3) Principle 3: the freedom of association and the effective recognition of the right to collective bargaining;

4) Principle 4: the elimination of all forms of forced and compulsory labour;

5) Principle 5: the effective abolition of child labour; and

6) Principle 6: the elimination of discrimination in employment and occupation.

Environment

Businesses should:

7) Principle 7: support a precautionary approach to environmental challenges;

8) Principle 8: undertake initiatives to promote environmental responsibility; and

9) Principle 9: encourage the development and diffusion of environmentally friendly technologies.

Anti-Corruption

10) Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

The **Global Compact Network (GCN) India** was formed by organizations from India who participate in the UN Global Compact. It was registered on 24 November 2003, with Registrar of Societies, NCT, Delhi, as a non-profit body. The main objective of the Network is to provide a forum to various Indian Companies/ Organizations to exchange experiences, network and work together on activities related to Corporate Social Responsibility (CSR). This is expected to promote sustainable growth besides encouraging good corporate citizenship. The Network, acts as an Apex level nodal agency representing various Indian Corporate bodies/ Institutions/ NGOs/ SMEs, who are committed to the UN Global Compact principles. The Global Compact Network India has been one of the pioneering local initiatives of the UN Global Compact. It is one of the first local networks to be set up as a legal entity. Over the last few years the network has seen modest growth and has been able to create a niche for itself within efforts by the business community directed towards realising the vision of sustainable development in India.

2) UN Guiding Principles on Business and Human Rights

http://www.ohchr.org/EN/Pages/WelcomePage.aspx

The United Nations Guiding Principles on Business and Human Rights (UNGPs) are a global standard for preventing and addressing the risk of adverse impacts on human rights linked to business activity. On June 16, 2011, the United Nations Human

Rights Council unanimously endorsed the Guiding Principles for Business and Human Rights, making the framework the first corporate human rights responsibility initiative to be endorsed by the United Nations.

The UNGPs encompass three pillars outlining how states and businesses should implement the framework:

- The state duty to protect human rights

  The first pillar of the Guiding Principles is the state's duty to protect against human rights abuses by third parties, including business enterprises, through regulation, policymaking, investigation, and enforcement.

- The corporate responsibility to respect human rights

  The corporate responsibility to respect human rights indicates that businesses must act with due diligence to avoid infringing on the rights of others and to address negative impacts with which they are involved.

- Access to remedy for victims of business-related abuses

  The third pillar addresses both the state's responsibility to provide access to remedy through judicial, administrative, and legislative means, and the corporate responsibility to prevent and remediate any infringement of rights that they contribute to.

The UNGPs have received wide support from states, civil society organizations, and even the private sector. The UNGP are informally known as the "Ruggie Principles" or the "Ruggie Framework" due to their authorship by John Ruggie, who conceived them and led the process for their consultation and implementation.

3) ILO's tripartite declaration of principles on multinational enterprises and social policy

www.ilo.org

In the 1960s and 1970s, the activities of multinational enterprises (MNEs) provoked intense discussions that resulted in efforts to draw up international instruments for regulating their conduct and defining the terms of their relations with host countries, mostly in the developing world.

Labour-related and social policy issues were among those concerns to which the activities of MNEs gave rise. The ILO's search for international guidelines in its sphere of competence resulted, in 1977, in the adoption by the ILO Governing Body, of the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (MNE Declaration).

The principles laid down in this universal instrument offer guidelines to MNEs, governments, and employers' and workers' organizations in such areas as employment, training, conditions of work and life, and industrial relations. Its provisions are reinforced by certain international labour Conventions and Recommendations which the social partners are urged to bear in mind and apply, to the greatest extent possible. The adoption of the ILO Declaration on Fundamental Principles and Rights at Work and its Follow-up in 1998 highlighted the importance of the fundamental Conventions in realizing the objectives of the ILO, and consequently, the MNE Declaration takes into account the objectives of the 1998 Declaration.

Today, the prominent role of MNEs in the process of social and economic globalization renders the application of the principles of the MNE Declaration as timely and necessary as they were at the time of adoption. As efforts to attract and boost foreign direct investment gather momentum within and across many parts of the world, the parties concerned have a new opportunity to use the principles of the Declaration as guidelines for enhancing the positive social and labour effects of the operations of MNEs.

4) **Institute of Social and Ethical Accountability : AccountAbility's AA1000 series of standards**

http://www.accountability.org/standards/

AccountAbility is a leading global organisation providing innovative solutions to the most critical challenges in corporate responsibility and sustainable development. Since 1995 they have been helping corporations, non-profits and governments embed ethical, environmental, social, and governance accountability into their organisational DNA.

AccountAbility's AA1000 series are principles-based standards to help organisations become more accountable, responsible and sustainable. They address issues affecting governance, business models and organizational strategy, as well as providing operational guidance on sustainability assurance and stakeholder engagement. The AA1000 standards are designed for the integrated thinking required by the low carbon and green economy, and support integrated reporting and assurance.

The standards are developed through a multi-stakeholder consultation process which ensures they are written for those they impact, not just those who may gain from them. They are used by a broad spectrum of organisations -- multinational businesses, small and medium enterprises, governments and civil societies.

The AA1000 AccountAbility Principles Standard (AA1000APS) provides a framework for an organisation to identify, prioritise and respond to its sustainability challenges.

The AA1000 Assurance Standard (AA1000AS) provides a methodology for assurance practitioners to evaluate the nature and extent to which an organisation adheres to the AccountAbility Principles.

The AA1000 Stakeholder Engagement Standard (AA1000SES) provides a framework to help organisations ensure stakeholder engagement processes are purpose driven, robust and deliver results.

5) Social Accountability International (SAI): SA 8000 Standard

www.sa-intl.org/sa8000

SAI is a non-governmental, international, multi-stakeholder organization dedicated to improving workplaces and communities by developing and implementing socially responsible standards. SAI convenes key stakeholders to develop consensus-based voluntary standards, conducts cost-benefit research, accredits auditors, provides training and technical assistance, and assists corporations in improving social compliance in their supply chains.

In 1997, SAI launched SA8000 (Social Accountability 8000) – a voluntary standard for workplaces, based on ILO and UN conventions – which is currently used by businesses and governments around the world and is recognized as one of the strongest workplace standards. SAI partners with trade unions, local NGOs, multi-stakeholder initiatives, organic, fair trade and environmental organizations, development charities, and anti-corruption groups to carry out research, training and capacity-building programs.

The SA8000 Standard is the central document of work at SAI. It is one of the world's first auditable social certification standards for decent workplaces, across all industrial sectors. It is based on the UN Declaration of Human Rights, conventions of the ILO, UN and national law, and spans industry and corporate codes to create a common language to measure social performance. It takes a management systems approach by setting out the structures and procedures that companies must adopt in order to ensure that compliance with the standard is continuously reviewed. Those seeking to comply with SA8000 have adopted policies and procedures that protect the basic human rights of workers.

The nine elements in the SA8000 Standard are –

i. Child Labor
ii. Forced or Compulsory Labor
iii. Health & Safety
iv. Freedom of Association & Right to Collective Bargaining
v. Discrimination
vi. Disciplinary Practices
vii. Working Hours
viii. Remuneration
ix. Management Systems

6) ISO 26000: Social responsibility

http://www.iso.org/iso/home/standards/iso26000.htm

ISO, the International Organization for Standardization, launched an International Standard providing guidelines for social responsibility (SR) named ISO 26000 or simply *ISO SR*. It was released on 1 November 2010. Its goal is to contribute to global sustainable development, by encouraging business and other organizations to practice social responsibility to improve their impacts on their workers, their natural environments and their communities. ISO 26000 offers guidance on socially responsible behavior and possible actions.

The Seven Key Principles, advocated as the roots of socially responsible behavior, are:

- Accountability
- Transparency
- Ethical behavior
- Respect for stakeholder interests (stakeholders are individuals or groups who are affected by, or have the ability to impact, the organization's actions)
- Respect for the rule of law
- Respect for international norms of behavior
- Respect for human rights

The Seven Core Subjects, which every user of ISO 26000 should consider, are:

- Organizational governance
- Human rights
- Labor practices
- Environment
- Fair operating practices
- Consumer issues
- Community involvement and development

7) OECD guidelines for Multinational Enterprises

www.oecd.org

The OECD Guidelines for Multinational Enterprises were adopted in 1976 by the Organization for Economic Cooperation and Development (OECD), and contain recommendations for multinational companies issued by the signatory governments. They include principles and standards for good practices in accordance with prevailing law, and refer to such international agreements as the Universal

Declaration of Human Rights and the ILO Core Labor Standards. The guidelines were revised in 2000 with the participation of company and employee organizations as well as NGOs. While OECD member states expect companies to adhere to these guidelines, they are not legally binding. The guidelines are intended to promote the concept of sustainable development as well as to create incentives for increasing direct investments in developing countries. They also support multinational enterprises in their role as partners in development. The signatory states agree to establish national contact points to monitor the implementation of the guidelines and respond to complaints.

These recommendations are based on ten principles:

i. Disclosing information, including non-financial information, about the company
ii. Pursuing a corporate policy of providing comprehensive information, not only about the company's operating results, but also about social and environmental issues as well as foreseeable risks
iii. Adhering to internationally recognized core labor standards in the treatment of employees, as well as constructive cooperation between the company and employee organizations
iv. Implementing efficient in-company environmental management and transparent reporting on environmental issues, as well as adhering to the precautionary principle
v. Combating corruption
vi. Taking into account consumers' interests by employing fair business, marketing and advertising practices and ensuring the safety and quality of products and services
vii. Encouraging the transfer of technology and expertise (while respecting intellectual property rights)
viii. Complying with laws governing competition and generally engaging in fair, monopoly-free competition
ix. Complying with the tax laws and regulations in effect in the countries in which companies are active, as well as cooperating with tax authorities
x. Government establishment of national contact points

8) The SROI Network

www.thesroinetwork.org/

Social return on investment (SROI) is a principles-based method for measuring extra-financial value (i.e., environmental and social value not currently reflected in conventional financial accounts) relative to resources invested. It can be used by any entity to evaluate impact on stakeholders, identify ways to improve performance, and enhance the performance of investments.

A network was formed in 2006 to facilitate the continued evolution of the method.

The SROI method as it has been standardized by the SROI Network provides a consistent quantitative approach to understanding and managing the impacts of a project, business, organisation, fund or policy. It accounts for stakeholders' views of impact, and puts financial 'proxy' values on all those impacts identified by stakeholders which do not typically have market values. The aim is to include the values of people that are often excluded from markets in the same terms as used in a market that is money, in order to give people a voice in resource allocation decisions.

There are seven principles of SROI. These are:

i. Involve stakeholders (i.e. everyone who has a 'stake' or an interest in the subject of the SROI)
ii. Understand what changes (for those stakeholders)
iii. Value what matters
iv. Only include what is material
v. Do not over-claim
vi. Be transparent
vii. Verify the result

9) The LBG model

http://www.lbg-online.net/

LBG is the global standard for measuring Corporate Community Investment. The LBG framework ensures a consistent approach to the measurement and benchmarking of corporate community investment (CCI). The network of companies using LBG provides a platform to share experience, best practice and new ideas.

Over 300 companies around the world have engaged in the LBG network to apply, develop and enhance the framework. It is now widely regarded as the international standard for measuring corporate community investment.

At its heart, the framework is a simple input output model, enabling any CCI activity to be assessed consistently in terms of the resources committed and the results achieved. It breaks down the elements of the activity into: the inputs (what's contributed?), the outputs (what happens?) and, ultimately, the impacts achieved (what changes?).

Individual businesses can decide the extent to which the activities they support are assessed through the model. For small one-off donations it may simply be a matter of correctly recording the inputs. For larger, longer-term partnership projects a more comprehensive application of the framework may be more appropriate.

LBG is a measurement framework that provides information that can be used by companies in a variety of ways. It can be used to -

• Inform management decisions about the future direction of their community activity;

• Understand how their own community activity compares with peers and/or 'best-in-class' companies;

• Communicate results to key audiences.

4. EVOLUTION OF CORPORATE SOCIAL RESPONSIBILITY IN INDIA

The history of Corporate Social Responsibility in India has its four phases which run parallel to India's historical development and has resulted in different approaches towards CSR.

In the first phase charity and philanthropy were the main drivers of CSR. Culture, religion, family values and tradition and industrialization had an influential effect on CSR. In the pre-industrialization period, which lasted till 1850, wealthy merchants shared a part of their wealth with the wider society by way of setting up temples for a religious cause. Moreover, these merchants helped the society in getting over phases of famine and epidemics by providing food from their godowns and money and thus securing an integral position in the society. With the arrival of colonial rule in India from 1850s onwards, the approach towards CSR changed.

In the second phase, during the independence movement, there was increased stress on Indian Industrialists to demonstrate their dedication towards the progress of the society which was influenced fundamentally by Gandhi's theory of trusteeship, the aim of which was to consolidate and amplify social development. During the struggle for independence, Indian businesses actively engaged in the reform process. Not only did companies see the country's economic development as a protest against colonial rule; they also participated in its institutional and social development. The corporate sector's involvement was stimulated by the vision of a modern and free India. Gandhi introduced the notion of trusteeship in order to make companies the "temples of modern India": businesses (especially well established family businesses) set up trusts for schools and colleges and also established training and scientific institutes. The heads of the companies largely aligned the activities of their trusts with Gandhi's reform programmes. These programmes included activities that sought in particular the abolition of untouchability, women's empowerment and rural development.

The third phase of CSR (1960–80) had its relation to the element of "mixed economy", emergence of Public Sector Undertakings (PSUs) and laws relating labour and environmental standards. During this period the private sector was forced to take a backseat. The public sector was seen as the prime mover of development. Because of the stringent legal rules and regulations surrounding the activities of the private sector, the period was described as an "era of command and control". In 1965 Indian academicians, politicians and businessmen set up a national workshop on CSR aimed at reconciliation. They emphasized upon transparency, social accountability and regular stakeholder dialogues. In spite of such attempts the CSR failed to catch steam.

In the fourth phase (1980 until the present) Indian companies started abandoning their traditional engagement with CSR and integrated it into a sustainable business strategy. In 1990s the first initiation towards globalization and economic liberalization were undertaken. Controls and licensing system were partly done away with which gave a boost to the economy the signs of which are very evident today. Increased growth momentum of the economy helped Indian companies grow rapidly and this made them more willing and able to contribute towards social cause.

5. CORPORATE SOCIAL RESPONSIBILITY UNDER THE COMPANIES ACT, 2013

There was no provision for Corporate Social Responsibility spending by companies under the Companies Act, 1956. But the present Companies Act of 2013 has incorporated various provisions with regard to Corporate Social Responsibility. The Act, seeks to make CSR spending compulsory for companies that meet certain criteria. The companies will have to mandatorily spend 2% of their average net profit for CSR activities. If companies are unable to meet the CSR norms, they will have to give explanations. In case, the companies are not able to do the same, they have to disclose reasons in their books. However, an important point to be noted is that even though CSR provisions have been made mandatory for certain types of companies, there is no penalty for non-contribution to CSR.

The Companies Act, 2013 was passed by the Lok Sabha on 18th December, 2012 and by the Rajya Sabha on 8th August 2013 paving way for a new modern company law. The legislation replaces the existing Companies Act 1956, which was enacted 57 years ago. The Companies Act, 2013 received the assent of the president on 29th August, 2013 and was notified in the Gazette of India on 30th August, 2013.

The Ministry of corporate Affairs had notified 98 sections for implementation of the provisions of the Companies Act, 2013 on 12th September, 2013. The Ministry further notified 183 sections of the Act and Rules there under to be made effective from 01.04.2014. Rest of the provisions will come into force on such date as the Central Government may appoint by notification in the Official Gazette.

Section 135 and Schedule VII of the Companies Act, 2013 deals with Corporate Social Responsibility. This section was not among the 98 sections notified earlier. By notification dated 27th February, 2014, the Ministry of Corporate Affairs appointed the 1st day of April, 2014 as the date on which the provisions of Sec.135 and Schedule VII of the Act will come into force.

To widen the scope of activities under the Corporate Social Responsibility Policy, Schedule VII of the Companies Act, 2013 was amended by notification dated 27th February, 2014, notification dated 6th August, 2014 and notification dated 24th October, 2014.

Towards the implementation of the CSR norms, the Ministry of Corporate Affairs has also notified the Companies (Corporate Social Responsibility Policy) Rules, 2014 which has come into effect from 1st April, 2014.

5.1. CSR Provisions in Companies Act, 2013

The main provisions covering Corporate Social Responsibility under the Companies Act is Section 135. The activities that can be undertaken by a company under the Corporate Social Responsibility Policy are covered under Schedule VII of the Companies Act, 2013.

The Companies (Corporate Social Responsibility Policy) Rules, 2014, issued under the Companies Act of 2013, also deals with the procedure to be followed for complying with the CSR norms.

Important definitions

"Corporate Social Responsibility (CSR)" means and includes but is not limited to –

(i) Projects or programs relating to activities specified in Schedule VII to the Act; or

(ii) Projects or programs relating to activities undertaken by the board of directors of a company (Board in pursuance of recommendations of the CSR Committee of the Board as per declared CSR policy of the company subject to the condition that such policy will cover subjects enumerated in Schedule VII of the Act. *(Rule 2(1)(c) of the Companies (Corporate Social Responsibility Policy) Rules, 2014)*

"CSR Committee" means the Corporate Social Responsibility Committee of the Board referred to in section 135 of the Act. *(Rule 2(1)(d) of the Companies (Corporate Social Responsibility Policy) Rules, 2014)*

"CSR Policy" relates to the activities to be undertaken by the company as specified in Schedule VII to the Act and the expenditure thereon, excluding activities undertaken in pursuance of normal course of business of a company. *(Rule 2(1)(e) of the Companies (Corporate Social Responsibility Policy) Rules, 2014)*

"Net profit" means the net profit of a company as per its financial statement prepared in accordance with the applicable provisions of the Act, but shall not include the following, namely:-

(i) any profit arising from any overseas branch or branches of the company' whether operated as a separate company or otherwise; and

(ii) any dividend received from other companies in India, which are covered under and complying with the provisions of section 135 of the Act:

Provided that net profit in respect of a financial year for which the relevant financial statements were prepared in accordance with the provisions of the Companies Act, 1956, (1 of 1956) shall not be required to be re-calculated in accordance with the provisions of the Act:

Provided further that in case of a foreign company covered under these rules, net profit means the net profit of such company as per profit and loss account prepared in terms of clause (a) of sub-section (l) of section 381 read with section 198 of the Act. *(Rule 2(1)(f) of the Companies (Corporate Social Responsibility Policy) Rules, 2014)*

Applicability

Every company including its holding or subsidiary and a foreign company having its branch office or project office in India having -

- net worth of Rs. 500 crore or more, or
- turnover of Rs. 1000 crore or more or
- net profit of Rs. 5 crore or more

during any financial year (i.e. any of the three preceding financial years)

Corporate Social Responsibility Committee

Every company to which CSR is applicable should, during any financial year constitute a Corporate Social Responsibility Committee of the Board consisting of three or more directors, out of which at least one director should be an independent director.

Where Corporate Social Responsibility is applicable to an unlisted public company or a private company which is not required to appoint an independent director, then it shall have its CSR Committee without such independent director.

A private company having only two directors on its Board shall constitute its CSR Committee with two such directors.

In case of a foreign company, the CSR Committee should comprise of at least two persons of which one person should be a person resident in India authorised to accept on behalf of the company service of process and any notices or other documents required to be served on the company and another person should be nominated by the foreign company.

The Board's report under Section 134(3) of the Companies Act, 2013 should disclose the composition of the Corporate Social Responsibility Committee.

The Corporate Social Responsibility Committee should –

a) formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the company as specified in Schedule VII to the Companies Act, 2013;
b) recommend the amount of expenditure to be incurred on the activities undertaken by the company related to CSR;
c) monitor the Corporate Social Responsibility Policy of the company from time to time;
d) institute a transparent monitoring mechanism for implementation of the CSR projects or programs or activities undertaken by the company.

Corporate Social Responsibility Policy

The Board of every such company which has to fulfill CSR obligations, should also after taking into account the recommendations made by the Corporate Social Responsibility Committee, approve the Corporate Social Responsibility Policy for the company and disclose contents of such Policy in its report and also place it on the company's website, if any, in such manner as may be prescribed; and ensure that the activities as are included in Corporate Social Responsibility Policy of the company are undertaken by the company.

According to Rule 6 of the Companies (Corporate Social Responsibility Policy) Rules, 2014,

1) The CSR Policy of the company should, include the following –
    a. a list of CSR projects or programs which a company plans to undertake falling within the purview of Schedule VII of the Act, specifying modalities of execution of such project or programs and implementation schedules for the same; and
    b. monitoring process of such projects or programs.

    The CSR activities will not include the activities in pursuance of normal course of business of a company.

    The Board of Directors should ensure that activities included by a company in its Corporate Social Responsibility Policy are related to the activities included in Schedule VII.

2) The CSR Policy of the company should specify that the surplus arising out of the CSR projects or programs or activities does not form part of the business profit of a company.

Calculation of Profits for the purpose of CSR

The Board has to ensure that the company spends, in every financial year, at least 2% of the average net profits of the company made during the three immediately preceding financial years, in pursuance of its Corporate Social Responsibility Policy.

According to Rule 2(1)(f) of the Companies (Corporate Social Responsibility Policy) Rules, 2014, 'net profit' means the net profit of a company as per its financial statement prepared in accordance with the applicable provisions of the Act, but shall not include the following namely:-

i. any profit arising from any overseas branch or branches of the company, whether operated as a separate company or otherwise; and

ii. any dividend received from other companies in India, which are covered under and complying with the provisions of section 135 of the Act:

Provided that net profit in respect of a financial year for which the relevant financial statements were prepared in accordance with the provisions of the Companies Act 1956 shall not be required to be re-calculated in accordance with the provisions of the Act:

Provided further that in case of a foreign company net profit means the net profit of such company as per profit and loss account in terms of Section 381 read with Section 198 of the Act.

For the purpose of calculating "average net profit", the provisions of Section 198 of the Companies Act, 2013 will be applicable, which is given hereunder:

> "198. (1) In computing the net profits of a company in any financial year for the purpose of section 197,—
>
> (a) credit shall be given for the sums specified in sub-section (2), and credit shall not be given for those specified in sub-section (3); and
>
> (b) the sums specified in sub-section (4) shall be deducted, and those specified in sub-section (5) shall not be deducted.
>
> (2) In making the computation aforesaid, credit shall be given for the bounties and subsidies received from any Government, or any public authority constituted or authorized in this behalf, by any Government, unless and except in so far as the Central Government otherwise directs.
>
> (3) In making the computation aforesaid, credit shall not be given for the following sums, namely:—
>
> (a) profits, by way of premium on shares or debentures of the company, which are issued or sold by the company;

(b) profits on sales by the company of forfeited shares;

(c) profits of a capital nature including profits from the sale of the undertaking or any of the undertakings of the company or of any part thereof;

(d) profits from the sale of any immovable property or fixed assets of a capital nature comprised in the undertaking or any of the undertakings of the company, unless the business of the company consists, whether wholly or partly, of buying and selling any such property or assets:

Provided that where the amount for which any fixed asset is sold exceeds the written-down value thereof, credit shall be given for so much of the excess as is not higher than the difference between the original cost of that fixed asset and its written down value;

(e) any change in carrying amount of an asset or of a liability recognised in equity reserves including surplus in profit and loss account on measurement of the asset or the liability at fair value.

(4) In making the computation aforesaid, the following sums shall be deducted, namely:—

(a) all the usual working charges;

(b) directors' remuneration;

(c) bonus or commission paid or payable to any member of the company's staff, or to any engineer, technician or person employed or engaged by the company, whether on a whole-time or on a part-time basis;

(d) any tax notified by the Central Government as being in the nature of a tax on excess or abnormal profits;

(e) any tax on business profits imposed for special reasons or in special circumstances and notified by the Central Government in this behalf;

(f) interest on debentures issued by the company;

(g) interest on mortgages executed by the company and on loans and advances secured by a charge on its fixed or floating assets;

(h) interest on unsecured loans and advances;

(i) expenses on repairs, whether to immovable or to movable property, provided the repairs are not of a capital nature;

(j) outgoings inclusive of contributions made under section 181;

(k) depreciation to the extent specified in section 123;

(l) the excess of expenditure over income, which had arisen in computing the net profits in accordance with this section in any year which begins at or after the commencement of this Act, in so far as such excess has not been deducted in any subsequent year preceding the year in respect of which the net profits have to be ascertained;

(m) any compensation or damages to be paid in virtue of any legal liability including a liability arising from a breach of contract;

(n) any sum paid by way of insurance against the risk of meeting any liability such as is referred to in clause (m);

(o) debts considered bad and written off or adjusted during the year of account.

(5) In making the computation aforesaid, the following sums shall not be deducted, namely:—

(a) income-tax and super-tax payable by the company under the Income-tax Act, 1961, or any other tax on the income of the company not falling under clauses (d) and (e) of sub-section (4);

(b) any compensation, damages or payments made voluntarily, that is to say, otherwise than in virtue of a liability such as is referred to in clause (m) of sub-section (4);

(c) loss of a capital nature including loss on sale of the undertaking or any of the undertakings of the company or of any part thereof not including any excess of the written-down value of any asset which is sold, discarded, demolished or destroyed over its sale proceeds or its scrap value;

(d) any change in carrying amount of an asset or of a liability recognised in equity reserves including surplus in profit and loss account on measurement of the asset or the liability at fair value."

CSR Expenditure

CSR expenditure should include all expenditure including contribution to corpus for projects or programs relating to CSR activities approved by the Board on the recommendation of its CSR Committee but should not include any expenditure on an item not in conformity or not in line with activities which fall within the purview of Schedule VII of the Act.

The CSR projects or programs or activities undertaken in India only will amount to CSR Expenditure.

Expenses incurred by companies for the fulfillment of any Act/ Statute of regulations (such as Labour Laws, Land Acquisition Act etc.) would not count as CSR expenditure under the Companies Act.

Salaries paid by the companies to regular CSR staff as well as to volunteers of the companies (in proportion to company's time/hours spent specifically on CSR) can be factored into CSR project cost as part of the CSR expenditure.

Expenditure incurred by Foreign Holding Company for CSR activities in India will qualify as CSR spend of the Indian subsidiary if, the CSR expenditures are routed through Indian subsidiaries and if the Indian subsidiary is required to do so as per section 135 of the Act.

Contribution to Corpus of a Trust/ society/ section 8 companies etc. will qualify as CSR expenditure as long as (a) the Trust/ society/ section 8 companies etc. is created exclusively for undertaking CSR activities or (b) where the corpus is created exclusively for a purpose directly relatable to a subject covered in Schedule VII of the Act.

CSR Reporting

The Board's Report of a CSR applicable company pertaining to a financial year commencing on or after 1st April 2014 should include an annual report on CSR. In case of foreign company the balance sheet should contain an annexure regarding report on CSR.

If the company fails to spend the specified amount on CSR activities, the Board should, in its report, specify the reasons for not spending the amount.

CSR Activities

The Board of Directors of the company should after taking into account the recommendations of the CSR committee, approve the CSR Policy for the company and disclose the contents of the policy in its report and the same should also be displayed on the company's website, if any, as per the particulars specified in the format mentioned under CSR reporting.

The CSR activities should be undertaken by the company as per its stated CSR Policy, as projects or programs or activities (either new or ongoing), excluding activities undertaken in pursuance of its normal course of business. CSR activities should be undertaken by the companies in project/ programme mode. One-off events such as marathons/ awards/ charitable contribution/ advertisement/ sponsorships of TV programmes etc. would not be qualified as part of CSR expenditure.

CSR activities can be undertaken through any of the following entities:

(a) A registered trust; or

(b) A registered society; or

(c) A company established by the company; or

(d) A company established under section 8 of the Companies Act, either singly or alongwith its holding or subsidiary or associate company, or alongwith any other company or or holding or subsidiary or associate company of such other company, or otherwise.

If such trust, society or company is not established by the company, either singly or alongwith its holding or subsidiary or associate company, or alongwith any other company or holding or subsidiary or associate company of such other company, it shall have an established track record of three years in undertaking similar programs or projects. The company should specify the project or programs to be undertaken through these entities, the modalities of utilization of funds on such projects and programs and the monitoring and reporting mechanism.

Registered Trust would include Trusts registered under Income Tax Act 1956, for those States where registration of Trust is not mandatory.

Contribution to Corpus of a Trust/ society/ section 8 companies etc. will qualify as CSR expenditure as long as (a) the Trust/ society/ section 8 companies etc. is created exclusively for undertaking CSR activities or (b) where the corpus is created exclusively for a purpose directly relatable to a subject covered in Schedule VII of the Act.

A company can also collaborate with other companies for undertaking projects or programs or CSR activities in such a manner that the CSR Committees of respective companies are in a position to report separately on such projects or programs in accordance with the rules.

The company should give preference to local area and areas around where it operates, for spending amount earmarked for Corporate Social Responsibility (CSR) activities.

The CSR projects or programs or activities that benefit only the employees of the company and their families should not be considered as CSR activities.

Companies can build CSR capacities of their own personnel as well as those of their Implementing agencies through Institutions with established track records of at least three financial years but such expenditure including expenditure on administrative overheads should not exceed five percent of total CSR expenditure of the company in one financial year.

Contribution of any amount directly or indirectly to any political party will not be considered as CSR activity.

Activities that may be included by companies in their Corporate Social Responsibility Policies is given in Schedule VII to the Companies Act, 2013. They are as follows –

i. eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation including contribution to the Swach Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water;
ii. promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects;
iii. promoting gender equality and empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;
iv. ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water including contribution to the Clean Ganga Fund setup by the Central Government for rejuvenation of river Ganga;
v. protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional arts and handicrafts;
vi. measures for the benefit of armed forces veterans, war widows and their dependants;
vii. training to promote rural sports, nationally recognized sports, paralympic sports and Olympic sports;
viii. contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government for socio-economic development and relief and welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women;
ix. contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government;
x. rural development projects;
xi. slum area development.

The entries in the above Schedule VII must be interpreted liberally so as to capture the essence of the subjects enumerated in the said Schedule. The items enlisted in the amended Schedule VII of the Act, are broad-based and are intended to cover a wide range of activities as illustratively mentioned below –

Sl.No.	Additional items requested to be included in Schedule VII or to be clarified as already being covered under Schedule VII of the Act	Whether covered under Schedule VII of the Act
1.	Promotion of Road Safety through CSR: (i) (a) Promotions of Education, "Educating the Masses and Promotion of Road Safety awareness in all facets of road usage, (b) Drivers' training, (c) Training to enforcement personnel, (d) Safety traffic engineering and awareness through print, audio and visual media" should be included. (ii) Social Business Projects : "giving medical and Legal aid, treatment to road accident victims" should be included.	(a) Schedule VII (ii) under "promoting education". (b) For drivers training etc. Schedule VII (ii) under "vocational skills". (c) It is establishment functions of Government (cannot be covered). (d) Schedule VII (ii) under "promoting education". (ii) Schedule VII (i) under 'promoting health care including preventive health care.'
2.	Provisions for aids and appliances to the differently- able persons	Schedule VII (i) under 'promoting health care including preventive health care.'
3.	The company contemplates of setting up ARTIIC (Applied Research Training and Innovation Centre). Centre will cover the following aspects as CSR initiatives for the benefit of the predominately rural farming	Item no. (ii) of Schedule VII under the head of "promoting education" and "vocational skills" and "rural development".

	community: (a) Capacity building for farmers covering best sustainable farm management practices. (b) Training Agriculture Labour on skill development. (c) Doing our own research on the field for individual crops to find out the most cost optimum and Agri – ecological sustainable farm practices. (Applied research) with a focus on water management. (d) To do Product Life Cycle analysis from the soil conservation point of view.	(a) "Vocational skill" livelihood enhancement projects. (b) "Vocational skill" (c) 'Ecological balance', 'maintaining quality of soil, air and water'. (d) "Conservation of natural resource" and 'maintaining quality of soil, air and water'.
4.	To make "Consumer Protection Services" eligible under CSR. (i) Providing effective consumer grievance redressal mechanism. (ii) Protecting consumer's health and safety, sustainable consumption, consumer service, support and complaint resolution. (iii) Consumer protection activities. (iv) Consumer Rights to be mandated. (v) all consumer protection programs and activities on the same lines as Rural Development, Education etc.	Consumer education and awareness can be covered under Schedule VII (ii) "promoting education".
5.	Donations to IIM for conservation of buildings and renovation of classrooms.	Conservation and renovation of school buildings and classrooms relates to CSR activities under Schedule VII as "promoting education".
6.	Non Academic Technopark not located within an academic Institution but approved and supported by Department of Science and	Schedule VII (ii) under "promoting education", if approved by Department of

	Technology.	Science and Technology.
7.	Disaster Relief	Disaster relief can cover wide range of activities that can be appropriately shown under various items listed in Schedule VII. For example, (i) medical aid can be covered under ‘promoting health care including preventive health care.’ (ii) food supply can be covered under eradicating hunger, poverty and malnutrition. (iii) supply of clean water can be covered under ‘sanitation and making available safe drinking water’.
8.	Trauma care around highways in case of road accidents.	Under ‘health care’.
9.	Clarity on "rural development projects”	Any project meant for the development of rural India will be covered under this.
10.	Supplementing of Govt. schemes like mid-day meal by corporates through additional nutrition would qualify under Schedule VII.	Yes. Under Schedule VII, item no. (i) under ‘poverty and malnutrition’.
11.	Research and Studies in the areas specified in Schedule VII.	Yes, under the respective areas of items defined in Schedule VII. Otherwise under ‘promoting education’.
12.	Capacity building of government officials and elected representatives – both in the area of PPPs and urban infrastructure.	Not covered
13.	Sustainable urban development and urban	Not covered

	public transport systems	
14.	Enabling access to, or improving the delivery of, public health systems will be considered under the head “preventive healthcare” or “measures for reducing inequalities faced by socially & economically backward groups”?	Can be covered under both the heads of “healthcare” or “measures for reducing inequalities faced by socially & economically backward groups”, depending on the context.
15.	Likewise, could slum re-development or EWS housing be covered under “measures for reducing inequalities faced by socially & economically backward groups”?	Yes covered.
16.	Renewable energy projects	Under ‘Environmental sustainability, ecological balance and conservation of natural resources’,
17.	(i) Are the initiatives mentioned in Schedule VII exhaustive? (ii) In case a company wants to undertake initiatives for the beneficiaries mentioned in Schedule VII, but the activity is not included in Schedule VII, then will it count?	Schedule VII is to be liberally interpreted so as to capture the essence of subjects enumerated in the schedule.
18.	US-India Physicians Exchange Program – broadly speaking, this would be program that provides for the professional exchange of physicians between India and the United States.	Not covered

Display of CSR activities on its website

The contents of the CSR Policy and its activities should be displayed by the Company on its website.

5.2. Schedule VII of Companies Act, 2013

Activities which may be included by companies in their Corporate Social Responsibility Policies is given in Schedule VII to the Companies Act, 2013. They are as follows –

i. eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation including contribution to the Swach Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water;
ii. promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects;
iii. promoting gender equality and empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;
iv. ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water including contribution to the Clean Ganga Fund setup by the Central Government for rejuvenation of river Ganga;
v. protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional arts and handicrafts;
vi. measures for the benefit of armed forces veterans, war widows and their dependants;
vii. training to promote rural sports, nationally recognized sports, paralympic sports and Olympic sports;
viii. contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government for socio-economic development and relief and welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women;
ix. contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government;
x. rural development projects;
xi. slum area development.

5.3. Format of CSR Policy of a company

CORPORATE SOCIAL RESPONSIBILITY POLICY OF ABC LTD.

I. PREAMBLE

A) Short title & Applicability

This policy, which encompasses the company's philosophy for giving back to society as a corporate citizen and lays down the guidelines and mechanism for undertaking socially useful programmes for the welfare & sustainable development of the community at large, is titled as the 'ABC CSR Policy'.

This policy shall apply to all CSR initiatives and activities taken up not only at the various work-centres and locations of the company but also in any other parts of the country, for the benefit of the society.

B) CSR Vision Statement & Objectives

- **Vision Statement**

The core theme of the Company's CSR policy is giving back to the society from which it draws its resources by extending helping hand to the needy and the underprivileged.

Corporate Social Responsibility is the commitment of business to contribute for sustainable economic development by working with the employees, local community and society at large to improve their lives in ways that are good for business and development .It is the contribution of the corporate sector for philanthropic causes like education, health, water, environment and community welfare.

In alignment with vision of the company, through its CSR initiatives, will continue to enhance value creation in the society, through its services, conduct & initiatives, so as to promote sustained growth of the society, in fulfillment of its role as a Socially Responsible Corporate, with environmental concern.

❖ **Objectives**

The objectives of the ABC CSR Policy are to:

✓ Ensure an increased commitment at all levels in the organization, to operate its business in an economically, socially & environmentally sustainable manner, while recognizing the interests of all its stakeholders.

✓ To directly or indirectly take up programmes that benefit the communities over a period of time, in enhancing the quality of life & economic well-being of the local populace. The Company and the employees are to actively involve and participate in social welfare projects by voluntarily taking time off from work.

C) Business principles

Our business principles prescribe that everyone at ABC Ltd. needs to follow the operational standards. It also supports our approach to governance, corporate social responsibility and continuous improvement.

II. <u>SCOPE OF THE ACTIVITIES</u>

- Eradicating hunger, Poverty and malnutrition, promoting healthcare and sanitation.
- Promoting education including special education and employment enhancing vocational skills especially among children, women & elders by the company directly or by funding Non-Government Organizations (NGO's) / Educational Institutions/Trusts/Organizations involved in Promotion of Education.
- Promoting gender equality empowering women, establishing of old-age homes, day care centers and such other facilities for senior citizens and majors for reducing inequalities in socially and economically backward groups.
- Promote measures for environment protection, animal welfare, agro forestry and conservation of natural resources.

- Relief to victims of Natural Calamities like Earth-quake, Cyclone, Drought & Flood situation in any part of the country.
- Water Supply including drinking water.
- Infrastructure for Village Electricity/Solar Lights/Road etc.
- Grant/donation/financial assistance/sponsorship to reputed Trusts and NGO's of the Society involved in upliftment of standard of the society.
- Community Development activities

  The above list is illustrative and not exhaustive. The CSR committee of Board of Directors is authorized to consider also CSR activities which are not included in this list but covered under the provisions of Schedule VII of the Companies Act 2013. The activities may be specific to the village depending on the need assessed for the people. All activities under the CSR activities should be environment friendly and socially acceptable to the local people.

III. RESOURCES

For achieving its CSR objectives through implementation of meaningful and sustainable CSR programmes, ABC Ltd. shall allocate 2% of its average Net Profits calculated as per Sec.198 of the Companies Act, 2013, as its Annual CSR Budget in each Financial Year.

From the annual CSR Budget allocation, a provision will be made towards the expenditure to be incurred on identified Areas, for undertaking CSR activities on a year on year basis.

Allocation of the Annual Budget for CSR activities in any given year shall be as per the provisions of the Companies Act, 2013 and rules made thereof as amended from time to time. Any unspent/unutilized CSR allocation of a particular year, will be carried forward to the next year, i.e., the CSR budget will be non-lapsable in nature.

IV. IMPLEMENTATION

i. CSR programmes shall be undertaken by various units of ABC Ltd. to the best possible extent within the defined ambit of the identified "Thrust Areas".

Project activities identified under CSR are to be implemented by specialized agencies, which could include The Trust of the Company - Voluntary Organizations (NGO's), Recognised Institutes/Academic Institutions, Trusts, Self Help Groups, Professional Consultancy organization etc.

ii. The time period/duration over which a particular programme will be spread, will depend on its nature, extent of coverage and the intended impact of the programme.

iii. Programmes which involve considerable financial commitment and are undertaken on an extended timeframe of beyond two years will be considered as 'flagship programmes' and accorded enhanced significance.

iv. CSR activities should create social impact.

v. For CSR projects, the time-frame and periodic milestones should be finalized at the time of approval of the Project.

vi. The process for implementation of CSR programmes will involve the following steps:

A. **Identification of programmes** at Corporate and Unit level will be done out of the following:-

   i. Need identification studies by a sub-Committee constituted by the Management/CSR Committee of the Company.

   ii. Internal need assessment by a team at the unit level;

   iii. Receipt of proposals/requests from Units

   iv. Discussions and request with local representatives/ Civic bodies/ Citizen's forums/Voluntary organizations (NGOs).

B. **Project based approach**: The units of ABC Ltd. will follow a project based accountability approach to stress on the long term sustainability of CSR projects, where its action plan will be distinguished as 'Short-term' – 6 months to 1 year; 'Medium-term' – 1 year to 2 years & 'Long-term' – 2 years and above.

C. While **identifying Long term programmes**, all efforts will be made to the extent possible to define the following:

i. Programme objectives

ii. Baseline survey – It would give the basis on which the outcome of the programme would be measured.

iii. Implementation schedules - Timelines for milestones of the programme will need to be prescribed

iv. Responsibilities and authorities

v. Major results expected.

vii. Powers for approval

CSR programmes as identified by each work centre/corporate office will be required to be put up to the CSR Committee of the Board with due recommendations of the CSR Sub-Committees.

viii. Executing Agency/Partners

The company will identify suitable programmes/projects for implementation in line with the CSR objectives of the Company and also for the benefit of the community for which those programmes are intended. These works would be done through:

i) The Company at its unit level

ii) Welfare Trust of the Company

iii) Community based organizations

iv) Voluntary Agencies (NGOs)

v) Trusts/ Missions/ Foundation/ Sec.8 Companies

vi) Registered women's organizations / Samitis /Panchayats/ Self Help Groups etc.

ix. Criteria for identifying Executing agency

In case of programme execution by NGOs/Voluntary organizations/Trust/ Sec.8 Company the amount to be spent by the agencies to build the CSR capacities/administrative expenses shall not exceed 5% of the total CSR expenditure of the Company in one financial year as per the provisions of Companies Act 2013 and rules framed thereof and amended from time to time, The following minimum criteria need to be ensured:-

- The NGO / Agency/Trust/ Society /Company registered under Sec.8 of Companies Act, 2013 has a permanent office / address in India;
- Possesses a valid Income-tax Exemption Certificate;
- The antecedents of the NGO/Agency/Trust/ Companies registered under Sec.8 of Companies Act, 2013 are verifiable/subject to confirmation;
- Experience of the Trust/NGO's/Agency.

x. Agreement between ABC Ltd. & Executing Agency:

Once the programmes is approved by the CSR Committee of the Board of Directors and communicated to the work centers, they in turn will be required to enter into an agreement with each of the executing/implementing agency.

V. MONITORING AND FEEDBACK

- To ensure effective implementation of the CSR programmes undertaken at each work centre, a monitoring mechanism will be put in place by the head of the work centre. The progress of CSR programmes under implementation at work centre will be reported to CSR Sub-Committee on a monthly basis. The CSR Committee of Board of Directors shall review the progress of activities on quarterly basis.
- CSR Committee will conduct impact studies on a periodic basis, through independent professionals/ third parties/ professional institutions, especially on the strategic and high value programmes.

- Work centers and zonal offices will also try to obtain feedback from beneficiaries about the programmes.
- Appropriate documentation of the company's CSR Policy, Annual CSR activities, executing partners, and expenditure entailed will be undertaken on a regular basis and the same will be available in the public domain.
- CSR initiatives of the Company will also be reported in the Annual Report of the Company.

VI. CONCLUSION

In case of any doubt with regard to any provision(s) of the policy, a reference can be made to the CSR Committee of Board of Directors. In all such matters, the interpretation & decision of the CSR committee of the Board of Directors shall be final.

Any or all provisions of the CSR Policy would be subject to revision/amendment in accordance with the guidelines as may be issued by Government, from time to time.

The Board will review the policy from time to time based on changing needs and aspirations of the target beneficiaries and make suitable modifications, as may be necessary.

5.4. Format for the annual report on CSR activities to be included in the Board's report

Format for the annual report on CSR activities to be included in the Board's report/ balance sheet of foreign company/ website

1) A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.
2) The composition of the CSR committee.
3) Average net profit of the company for last three financial years.

4) Prescribed CSR expenditure

5) Details of CSR spent during the financial year.

a. Total amount to be spent for the financial year;

b. Amount unspent, if any;

c. Manner in which the amount spent during the financial year is detailed below.

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
S.No.	CSR project or activity identified	Sector in which the project is covered	Projects or programs (1) Local area or other (2) Specify the state & district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on projects or programs **Sub-heads:** (1) Direct expenditure on projects or programs (2) Overheads:	Cumulative expenditure upto to the reporting period	Amount spent: direct or through implementing agency
1							
2							
3							
	TOTAL						

- Give details of implementing agency

6) In case the company has failed to spend the two percent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its board's report.

7) A responsibility statement of the CSR committee that the implementation and monitoring of CSR policy, is in compliance with CSR objectives and Policy of the company.

Sd/- (Chief Executive Officer or Managing Director or Director)	Sd/- (Chairman CSR Committee)	Sd/- (Person specified under clause (d) of sub-section (1) of section 380 of the Act) (wherever applicable)

6. CORPORATE SOCIAL RESPONSIBILITY VOLUNTARY GUIDELINES, 2009

The Indian business has traditionally been socially responsible. From inactive philanthropy to the incorporation of the stakeholders' interest in the business model, the Indian business sector practices various methods of discharging its social responsibility. While a lot of human and economic energy is available for utilization in this area, a suitable mechanism is required to channelize this energy for which the Government, corporate sector and the communities need to partner together. Against this background, the Ministry of Corporate Affairs decided to bring out a set of voluntary guidelines for responsible business which will add value to the operations and contribute towards the long term sustainability of the business. These guidelines will also enable business to focus as well as contribute towards the interests of the stakeholders and the society.

CSR is not philanthropy and CSR activities are purely voluntary - what companies will like to do beyond any statutory requirement or obligation. To provide companies with guidance in dealing with the abovementioned expectations, while working closely within the framework of national aspirations and policies, the Voluntary Guidelines for Corporate Social Responsibility were developed. While the guidelines were prepared for the Indian context, enterprises that have a trans-national presence would benefit from using these guidelines for their overseas operations as well. Since the guidelines were voluntary and not prepared in the nature of a prescriptive road-map, they were not intended for regulatory or contractual use.

According to these Guidelines, each business entity should formulate a CSR policy to guide its strategic planning and provide a roadmap for its CSR initiatives, which should be an integral part of overall business policy and aligned with its business goals. The policy should be framed with the participation of various level executives and should be approved by the Board.

The CSR Policy should normally cover following core elements:

1. Care for all Stakeholders:

The companies should respect the interests of, and be responsive towards all stakeholders, including shareholders, employees, customers, suppliers, project affected people, society at large etc. and create value for all of them. They should develop mechanism to actively engage with all stakeholders, inform them of inherent risks and mitigate them where they occur.

2. Ethical functioning:

Their governance systems should be underpinned by Ethics, Transparency and Accountability. They should not engage in business practices that are abusive, unfair, corrupt or anti-competitive.

3. Respect for Workers' Rights and Welfare:

Companies should provide a workplace environment that is safe, hygienic and humane and which upholds the dignity of employees. They should provide all employees with access to training and development of necessary skills for career advancement, on an equal and non-discriminatory basis. They should uphold the freedom of association and the effective recognition of the right to collective bargaining of labour, have an effective grievance redressal system, should not employ child or forced labour and provide and maintain equality of opportunities without any discrimination on any grounds in recruitment and during employment.

4. Respect for Human Rights:

Companies should respect human rights for all and avoid complicity with human rights abuses by them or by third party. .

5. Respect for Environment:

Companies should take measures to check and prevent pollution; recycle, manage and reduce waste, should manage natural resources in a sustainable manner and ensure optimal use of resources like land and water, should proactively respond to the challenges of climate change by adopting cleaner production methods, promoting efficient use of energy and environment friendly technologies.

6. Activities for Social and Inclusive Development:

Depending upon their core competency and business interest, companies should undertake activities for economic and social development of communities and geographical areas, particularly in the vicinity of their operations. These could include - education, skill building for livelihood of people, health, cultural and social welfare etc. particularly targeting at disadvantaged sections of society.

The CSR policy of the business entity should provide for an implementation strategy which should include identification of projects/activities, setting measurable physical targets with timeframe, organizational mechanism and responsibilities, time schedules and monitoring. Companies may partner with local authorities, business associations and civil society/non-government organizations. They may influence the supply chain for CSR initiative and motivate employees for voluntary effort for social development. They may evolve a system of need assessment and impact assessment while undertaking CSR activities in a particular area. Independent evaluation may also be undertaken for selected projects/activities from time to time.

Companies should allocate specific amount in their budgets for CSR activities. This amount may be related to profits after tax, cost of planned CSR activities or any other suitable parameter.

To share experiences and network with other organizations the company should engage with well-established and recognized programmes/platforms which encourage responsible business practices and CSR activities. This would help companies to improve on their CSR strategies and effectively project the image of being socially responsible.

The companies should disseminate information on CSR policy, activities and progress in a structured manner to all their stakeholders and the public at large through their website, annual reports, and other communication media.

7. NATIONAL VOLUNTARY GUIDELINES ON SOCIAL, ENVIRONMENTAL AND ECONOMIC RESPONSIBILITIES OF BUSINESS

The National Voluntary Guidelines on Social, Environmental and Economical Responsibilities of Business has been brought out by the Ministry of Corporate Affairs in July 2011. These Guidelines are a refinement over the Corporate Social Responsibility Voluntary Guidelines 2009, released by the Ministry of Corporate Affairs in December 2009.

These guidelines have been developed through an extensive consultative process by a Guidelines Drafting Committee (GDC) comprising of experienced professionals representing different stake holder groups. The guidelines are applicable to all businesses irrespective of size, sector or location including multi-national companies.

The guidelines provide a basic framework for responsible business action for Indian corporate and multi-national corporations. The guidelines are intended to be adopted comprehensively to raise the bar in a manner that makes value creating operations of corporations sustainable. The guidelines are based on practices and precepts and urges businesses to embrace the 'triple bottom line' approach to harmonise its financial performance.

Since these Guidelines are applicable to large and small businesses alike, a special section has also been included on how micro, small and medium enterprises (MSMEs) can be encouraged to adopt the Guidelines.

The guidelines have been articulated in the form of 9 principles which are as follows:

i. Principle 1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability – business decisions and actions, including those required to operationalize the principles in these Guidelines should be amenable to disclosure and be visible to relevant stakeholders.

ii. Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle – in order to function effectively and profitably, businesses should work to improve the quality of life of people.

iii. Principle 3: Businesses should promote wellbeing of all employees - all policies and practices relating to the dignity and wellbeing of employees engaged within a business or in its value chain.

iv. Principle 4: Businesses should respect interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized – businesses have a responsibility to think and act beyond the interests of its shareholders to include all their stakeholders.

v. Principle 5: Businesses should respect and promote human rights – integrate respect for human rights in management systems, in particular through assessing and managing human rights impacts of operations, and ensuring all individuals impacted by the business have access to grievance mechanisms.

vi. Principle 6: Business should respect, protect, and make efforts to restore the environment - environmental responsibility is a prerequisite for sustainable economic growth and for the well-being of society.

Environmental issues are interconnected at the local, regional and global levels which make it imperative for businesses to address issues such as global warming, biodiversity conservation and climate change in a comprehensive and systematic manner. Businesses should understand and be accountable for direct and indirect environmental impacts of their operations, products and services and strive to make them more environment friendly. Core elements of this principle are –

- Businesses should utilize natural and manmade resources in an optimal and responsible manner and ensure the sustainability of resources by reducing, reusing, recycling and managing waste.
- Businesses should take measures to check and prevent pollution. They should assess the environmental damage and bear the cost of pollution abatement with due regard to public interest.
- Businesses should ensure that benefits arising out of access and commercialization of biological and other natural resources and associated traditional knowledge are shared equitably.

- Businesses should continuously seek to improve their environmental performance by adopting cleaner production methods, promoting use of energy efficient and environment friendly technologies and use of renewable energy.
- Businesses should develop Environment Management Systems (EMS) and contingency plans and processes that help them in preventing, mitigating and controlling environmental damages and disasters, which may be caused due to their operations or that of a member of its value chain
- Businesses should report their environmental performance, including the assessment of potential environmental risks associated with their operations, to the stakeholders in a fair and transparent manner.
- Businesses should proactively persuade and support its value chain to adopt this principle.

vii. Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner – businesses operate within the specified legislative and policy frameworks prescribed by the Government, which guide their growth and also provide for certain desirable restrictions and boundaries.

viii. Principle 8: Businesses should support inclusive growth and equitable development - recognizes the value of the energy and enterprise of businesses and encourages them to innovate and contribute to the overall development of the country, especially to that of the disadvantaged, vulnerable and marginalized sections of society.

ix. Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner – customers have the freedom of choice in the selection and usage of goods and services, and that the enterprises will strive to make available goods that are safe, competitively priced, easy to use and safe to dispose off, for the benefit of their customers.

All the nine principles enshrined in the national voluntary guidelines endorse the ethos and spirit of the Global Compact programme and would be instrumental in Indian corporate sector evolving into a global leader in responsible business.

Implementation of principles and core elements

- The board and senior management need to ensure that the principles are fully understood across the organization and comprehensively executed.
- These principles and core elements must be embedded in the Business policies and strategies emanating from the core business purpose of the organization.
- Building strong relationships and engaging with stakeholders on a consistent, continuous basis is crucial.
- Implementation process includes disclosure by companies of their impact on society an environment to their stakeholders.

Business Responsibility Reporting Framework under the Guidelines

One of the critical aspects of Responsible Business practices is that businesses should not only be responsible but they should also be seen as socially, economically and environmentally responsible. While the Guidelines encompassing nine Principles and related Core Elements identify the areas where responsible practices need to be adopted, the Reporting Framework provides a standard disclosure template which can be used by businesses to report on their performance in these areas. Through such reporting, they will also be able to encourage their stakeholders to have a more meaningful engagement with the business rather than the often-prevalent one-sided expectational engagement. During the process of reporting, it is expected that businesses will also develop a better understanding of the process of transformation that makes their operations more responsible.

Part A of the report includes basic information and data about the operations of the business entity so that the reading of the report becomes more contextual and comparable with other similarly placed businesses.

Part-B of the report incorporates the basic parameters on which the business may report their performance. In case the business entity has chosen not to adopt or report on any of the Principles, the same may be stated along with, if possible, the reasons for not doing so.

Part C of the report incorporates two important aspects on Business Responsible reporting. Part C-1 is a disclosure on by the business entity on any negative consequences of its operations on the social, environmental and economic fronts. The objective is to encourage the business to report on this aspect in a transparent manner so that it can channelize its efforts to mitigate the same. Part C-2 is aimed at encouraging the business to continuously improve its performance in the area of BR.

8. BUSINESS RESPONSIBILITY REPORTING

SEBI has, vide circular dated August 13, 2012, mandated inclusion of Business Responsibility Report (BRR) as a part of the Annual Report for top 100 listed entities. The said reporting requirement is in line with the 'National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVGs)' notified by Ministry of Corporate Affairs, Government of India, in July, 2011.

Business Responsibility Report

Business Responsibility Report is a disclosure of adoption of responsible business practices by a listed company to all its stakeholders. This is important considering the fact that these companies have accessed funds from the public, have an element of public interest involved, and are obligated to make exhaustive disclosures on a regular basis.

SEBI has prescribed a format for 'Business Responsibility Report' as a mandatory requirement for top 100 listed companies by SEBI’s Circular dated August 13, 2012. Other companies are encouraged to use the Business Responsibility Report for making disclosures to their stakeholders. Business Responsibility Report must be submitted as a part of the Annual Report.

Business Responsibility Reporting is applicable to all types of companies including manufacturing, services etc. The principles of Business Responsibility Reporting are generic in nature and are applicable to all the companies. Any Company, Holding or Subsidiary, which falls among the top 100 listed Companies, has to mandatorily furnish a Business Responsibility Report.

Companies to make disclosures on adoption of responsible business practices

A Business Responsibility Report contains a standardized format for companies to report the actions undertaken by them towards adoption of responsible business practices. Business Responsibility Report has been designed to provide basic information about the company, information related to its performance and processes, and information on principles and core elements of the Business Responsibility Reporting.

The prescribed format of a Business Responsibility Report also provides a set of generic reasons which the company can use for explaining their inability to adopt the business responsibility policy. Further, Business Responsibility Report has been designed as a tool to help companies understand the principles and core elements of responsible business practices and start implementing improvements which reflect their adoption in the manner the company undertakes its business.

Furnish the Business Responsibility Report

The top 100 listed companies are mandatorily required to furnish the Business Responsibility Report to the Stock Exchange where they are listed and publish the report on their websites. Other listed companies are encouraged to follow guidelines and formats provided in SEBI's Circular by including the Business Responsibility Report in their Annual Report and publishing the same on the company's website.

In case of an MNC which has its subsidiary in India and which produces a single Global Reporting Initiative ("GRI") report, the subsidiary is required to prepare its separate Business Responsibility Report highlighting the responsible business practices it has put in place in India.

In case of an Indian listed company that already publishes a GRI report for its operations, Clause 5 of the SEBI Circular says that those listed entities which have been submitting sustainability reports to overseas regulatory agencies/stakeholders based on internationally accepted reporting frameworks need not prepare a separate report for the purpose of these guidelines but only furnish the same to their stakeholders along with the details of the framework under which their Business Responsibility Report has been prepared and a mapping of the principles contained in these guidelines to the disclosures made in their sustainability reports. Sections D and E of the Business Responsibility Report provide the minimum set of questions on which such mapping must necessarily be done. Clauses A, B and C of the Business Responsibility Report contain generic questions which may easily be filled out by companies.

As per paragraph 5(a) of the SEBI Circular dated August 13, 2012, the requirement to include Business Responsibility Report as a part of the Annual Report is mandatory for top 100 listed Companies based on market capitalisation at BSE and NSE as on March 31, 2012. However, those listed Companies, which have been submitting sustainability reports to overseas regulatory agencies/stakeholders based on internationally accepted reporting frameworks, need not prepare a separate report for the purpose of the Circular but only have to furnish the same to their stakeholders along with the details of the framework under which their Business Responsibility Report has been prepared and a mapping of the principles contained in the SEBI Circular to the disclosures made in their sustainability reports.

In case the company is not providing full Business Responsibility Report and is providing only the mapping of BRR in Annual Report, it is expected to ensure that such mapping is carried out to the reports (which may be released earlier or later than the Annual Report) that are drawn over same reporting period.

Companies may provide full Business Responsibility Report as a part of their Annual Report or as a green initiative, host the Business Responsibility Report on their website and provide appropriate reference to the same in the Annual Report. Companies may also provide guidance on how a shareholder may request physical copy of the Business Responsibility Report from the company, if so desired.

If the company provides the Annual Report mentioning that company publishes the sustainability report under GRI framework along with a mapping as per the SEBI Circular and Clause 55 of Listing Agreement and indicates that the sustainability report would be available on its website providing website link for the same, it would be treated as sufficient compliance of the clause 5(a) of the Circular dated August 13, 2012.

9. SUSTAINABLE REPORTING

Global Reporting Initiative defines Sustainability Report as the practice of measuring, disclosing, and being accountable for organizational performance while working towards the goal of sustainable development. A sustainability report provides a balanced and reasonable representation of the sustainability performance of the reporting organization, including both positive and negative contributions.

Sustainability reporting is a form of value reporting where an organization publicly communicates their economic, environmental, and social performance.

As well as helping organizations manage their impacts, sustainability reporting promotes transparency and accountability. This is because an organization discloses information in the public domain. In doing so, stakeholders (people affected by or interested in an organization's operations) can track an organization's performance on broad themes – such as environmental performance - or a particular issue - such as Labour conditions in factories. Performance can be monitored year on year, or can be compared to other similar organizations.

Sustainability Reporting is a means to gain competitive advantage through informed decision-making and Sustainability Reports are seen by decision-makers as evidence of good corporate citizenship, and are increasingly used by financial institutions seeking more information to judge investment risk and opportunity.

What is sustainable development?

The term Sustainable Development (SD) was used for the first time, at the United Nations Conference on the Human Environment in Stockholm in 1972. However, a working definition of SD was coined in 1987 with the publication of 'Our Common Future', popularly known as the Brundtland Report of the World Commission on Environment and Development. The Commission's definition, since widely adopted, was: "Development as the means to satisfy the needs of present generations without compromising the resources of future generations". Sustainability, the Commission argued, includes not only economic and social development, but also a commitment to the needs of the poor and recognizing the physical limitations of the earth.

Benefits of Sustainability Reporting

Sustainability reporting is generating considerable interest around the world and is becoming one of the basic criteria for judging the social responsibility of organizations. Business leaders are starting to realize that comprehensive reporting helps support company strategy and shows commitment to sustainable development. The corporate benefits of sustainable performance are also markedly reduced when key stakeholders do not know what you are doing. Thus companies are issuing Sustainability Reports to enlarge the scope of conventional corporate financial reporting. The report helps them ensure transparent communication and engagement with their stakeholders in respect to the company's sustainability performance. It has become imperative for the companies to have stakeholder engagement due to the growing awareness of the stakeholder because of the easy and speedy access to information. The stakeholders like government agencies, employees, investors, financial institutions, community, NGOs, consumers, etc. have become more demanding and ask the company to disclose information on its social, environmental and economic impacts.

The companies are also under peer pressure from their competitors to perform well their social responsibilities and report them to gain a competitive advantage to be recognized as a socially responsible company.

Sustainability Reporting is also of benefit to the company internally by helping it identify and address business risks and opportunities.

Sustainability reports based on the GRI framework can be used to benchmark organizational performance with respect to laws, norms, codes, performance standards and voluntary initiatives; demonstrate organizational commitment to sustainable development; and compare organizational performance over time.
Sustainability Reports issued by companies, non-profits, public agencies, and others can be used to:

- Assess sustainability performance with respect to laws, norms, codes, performance standards, and voluntary initiatives;

- Create a continuous platform for dialogue about expectations for responsibility and performance;
- Understand the impacts (positive and negative) that organizations can have on sustainable development; and
- Compare performance within an organization and between different organizations over time to inform decisions.

Global Reporting Initiative

The **Global Reporting Initiative** (GRI) produces one of the world's most prevalent standards for sustainability reporting - also known as ecological footprint - guidelines. GRI seeks to make sustainability reporting by all organizations as routine as and comparable to financial reporting.

The "GRI" refers to the global network of many thousands worldwide that create the Reporting Framework, use it in disclosing their sustainability performance, demand its use by organizations as the basis for information disclosure, or are actively engaged in improving the standard.

As of 2015, 7,500 organizations used GRI Guidelines for the sustainability reports. GRI Guidelines apply to multinational organizations, public agencies, smaller and medium enterprises, NGOs, industry groups and others.

The standardized reporting guidelines concerning the environment are contained within the GRI Indicator Protocol Set. The Performance Indicators (PI) includes criteria on energy, biodiversity and emissions. There are 30 environmental indicators ranging from EN1 (materials used by weight) to EN30 (total environmental expenditures by type of investment).

G4, the fourth generation of the Guidelines, was launched in May 2013. G4 is designed to be universally applicable to all organizations of all types and sectors, large and small, across the world. G4 includes references to other widely recognized frameworks, and is designed as a consolidated framework for reporting performance against different codes and norms for sustainability. This includes harmonization with other important global frameworks, including the OECD Guidelines for Multinational Enterprises, the UN Global Compact

Principles, and the UN Guiding Principles on Business and Human Rights. The Guidelines are effective for reports published after 31 December 2015.

The first objective of the Guidelines is to provide a global framework that supports a standardized approach to transparent and consistent sustainability reporting. A second, equally important objective is to drive organisations to prepare more relevant and credible sustainability reports by focusing on the topics that are material to their business and their key stakeholders, thus enabling such sustainability reporting to become standard practice.

10. INTEGRATED REPORTING

The aim of the integrated report is to clearly and concisely tell the story of the company, who it is and what it does and how it creates value, its strategy, opportunities and risks, its business model and governance, and the performance against its strategic objectives in a way that gives stakeholders a holistic view of the company and its future.

Financial reporting tells only a part of the story of any organisation. Integrated reporting aims to give a holistic view of the organisation by putting its performance, business model and strategy in the context of its material social and environmental issues – in other words, the business in its true reality! Importantly, integrated reporting includes forward-looking information to allow stakeholders to make a more informed assessment of the future value creation ability of the organisation.

The two essential concepts of integrated reporting are capitals and the value creation process. These are well explained by the following excerpt from the International Integrated Reporting Framework:

"An integrated report aims to provide insight about the resources and relationships used or affected by an organization – these are collectively referred to as the capitals in this Framework. It also seeks to explain how the organization interacts with the external environment and the capitals to create value over the short, medium and long term.

"The capitals are stores of value that are increased, decreased or transformed through the activities of the outputs of the organization. They are categorized in this Framework as financial, manufactured, intellectual, human, social and relationship, and natural capital, although organizations preparing an integrated report are not required to adopt this categorization or to structure their report along the lines of the capitals.

"The ability of an organization to create value for itself enables financial returns to the providers of financial capital. This is interrelated with the value the organization creates for stakeholders and society at large through a wide range of activities, interactions and relationships. When these are material to the organization's ability to create value for itself, they are included in the integrated report."

How does the integrated report fit with other reports? It can be seen as the main report from which all other detailed information flows. A useful analogy is the octopus … the head is the integrated report and each arm is a detailed report or detailed information set (e.g. annual financial statements, sustainability report, governance report etc).

The King III Code on Governance 2009 was one of the first major publications to highlight integrated reporting. It defines an integrated report as "a holistic and integrated representation of the company's performance in terms of both its finance and its sustainability".

The International Integrated Reporting Council (IIRC) in its International Integrated Reporting Framework defines the integrated report as "a concise communication about how an organization's strategy governance, performance and prospects, in the context of its external environment, lead to the creation of value in the short, medium and long term". Integrated reporting is defined as "a process founded on integrated thinking that results in a periodic integrated report by an organization about value creation over time and related communications regarding aspects of value creation".

The IIRC acknowledges that the integrated report and integrated reporting is very much based on integrated thinking. This is defined as "the active consideration by an organization of the relationship between its various operating and functional units and the capitals that the organization uses or affects. Integrated thinking leads to integrated decision-making and actions that consider the creation of value over the short, medium and long term".

The King III Code on Governance (2009) defines an integrated report as "a holistic and integrated representation of the company's performance in terms of both its finance and its sustainability".
And says it should be:

- An annual report
- Statutory financial information and sustainability information should be integrated
- Should have sufficient information to record how the organisation has affected the economic life of the community - positively and negatively
- Should contain forward-looking information - on how the board feels it can enhance the positive aspects and negate the negative aspects

- Integrated reporting requires more than just an add-on of sustainability information - sustainability reporting should be integrated with other aspects of the business process and managed throughout the year. Sustainability should be embedded in the organisation.
- Integrated reporting should focus on substance over form.
- The board's audit committee must establish a formal process of assurance on sustainability reporting. It should recommend to the board the need to engage an external assurance provider to provide assurance over material elements of the sustainability part of the integrated report. It should oversee sustainability issues in the integrated report; ensure the sustainability information is reliable, and that no conflicts or differences arise when compared to the financial results.

11. IMPLEMENTING CSR

Implementation of CSR refers to the day-to-day decisions, processes, practices and activities that ensure the company meets the spirit and letter of its CSR commitments and thereby carries out its CSR strategy.

There are different ways of approaching CSR implementation. Given below is one of the appropriate ways of implementing a company's CSR commitments.

1. Develop an integrated CSR decision-making structure
2. Prepare and implement a CSR business plan
3. Set measurable targets and identify performance measures
4. Engage employees and others to whom CSR commitments apply
5. Design and conduct CSR training
6. Establish mechanisms for addressing problematic behaviour
7. Create internal and external communications plans

It is essential that every company align its CSR goals and decision making with its overall goals and strategies, so that taking CSR considerations into account in corporate decision making becomes as natural as taking customer perspectives into account. Some companies would prefer a centralized CSR decision-making structure, others a de-centralized one, while still others would want a hybrid, depending on their operating features and management style. There is no single way of organizing a firm's CSR decision making.

To ensure effective implementation, a company should set measurable targets for the commitments. A companies approach should be to set measurable environmental, economic and social targets and track its success in meeting them A widely used approach to measuring success is to identify the objectives underlying a CSR commitment, develop key performance indicators, work out the measurement method and then measure the results. Regardless of the exact approach taken, it should follow the SMART guidelines:

- **S**imple
- **M**easurable
- **A**chievable

- **R**eliable
- **T**ime-bound

Employees play a central role in CSR implementation. While overall CSR success depends first on senior leadership, ultimately, CSR implementation largely rests in the hands of employees. Hence it is vitally important that there be good communication between top management and employees about CSR strategy and commitment implementation.

12. USEFUL WEBSITES

http://mca.gov.in/ - Ministry of Corporate Affairs, Government of India

www.unglobalcompact.org/ - United Nations Global Compact

www.ilo.org – International Labour Organization

http://www.accountability.org - AccountAbility

www.sa-intl.org/ - Social Accountability International

http://www.iso.org/ - International Organization for Standardization

www.oecd.org - Organization for Economic Cooperation and Development

www.thesroinetwork.org/ - Social return on investment (SROI)

1. About the Author

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Mr. Rajkumar Adukia is an eminent business consultant, advisor, author, and speaker. He is a rank holder from Bombay University, winner of most coveted award of his college Sydenham College of Commerce & Economics (at that point of time Best College of Asia) as best student of college namely Jeejeebhoy Cup for Proficiency and Character winner and did his graduation with Gold Medal for highest marks in Accountancy & Auditing . He is throughout gold medalist and passed the Chartered Accountancy, Company secretary and Cost Accountancy Course and was among the top rank holders in all the courses.

Mr. Adukia also holds a degree in law and is an MBA , Dip in IFRS(UK) & Diploma in Labour Law & Labour Welfare , IPR and Criminology. He has been involved in the activities of the Institute of Chartered Accountants of India since 1984 as a convenor of Kalbadevi CPE study circle. He was the Chairman of the Western Region of Institute of Chartered Accountants of India in 1997 and has been actively involved in various committees of ICAI. He became a member of the Central Council in 1998 and ever since he has worked tirelessly towards knowledge sharing, professional development and enhancing professional opportunities for members.

He has served on the Board of Directors in the capacity of independent director at BOI Asset management Co. ltd. SBI mutual funds management Pvt. Ltd. He is also a member of IFRS SME implementation Group of International Accounting Standards Board.

Mr. Adukia is Senior & Founder partner of Adukia & Associates established in 1984 handles assignments on internal audit, business advisory and planning, commercial law compliance, project work, taxation and trusts. His clientele include large corporations, owner-managed companies, small manufacturers, service businesses, property management and construction, exporters and importers, and professionals.

Based on his rich experience, he has written numerous articles on most aspects of corporate laws, income tax specially survey, search & seizure, finance-accounting, auditing, taxation, valuation, public finance. His authoritative articles appear regularly in financial papers like Business India, Financial Express, Economic Times and professional and business magazines. He has authored several accounting and auditing manuals. He has authored more than 100 books on vast range of topics including Internal Audit, Bank Audit, SEZ, CARO, PMLA, Anti-dumping, Income Tax Search, Survey and Seizure, IFRS, Carbon Credit, Private Equity, etc. Some of his books are on topics like time management, stress management etc. His books are known for their practicality and for their proactive approaches to meeting practice needs.

Mr. Adukia is a frequent speaker on trade and finance at seminars and conferences organized by the Institute of Chartered Accountants of India, various chambers of Commerce, income tax offices and other professional associations. He has also lectured at the S.P. Jain Institute of Management, Intensive Coaching Classes for Inter & Final CA students and Direct Taxes Regional Training Institute of CBDT. He also develops and delivers short courses, seminars and workshops on changes and opportunities in trade and finance. He has extensive experience as a speaker, moderator and panelist at workshops and conferences held for both students and professionals across the country and abroad.

He was member of many committees of Government of India including J J Irani committee which drafted initial version of Companies Act, 2013. He was member of all 3 standards board namely Accounting Standards Board, Cost Accounting Standards Board and Secretarial Standards Board respectively of ICAI, ICWAI, & ICSI. He is founder president of Rotary Club of Bombay Sea Pearl, Bombay Gateway Junior Chamber and Giants Club of Kalbadevi.

Mr. Adukia has been actively involved in various committees to name a few.

- *Member Regional Advisory Committee of Central Board of Excise & Customs*
- *Member of Standards Setting Committee of Bureau of Indian Standards.*
- *Member – Working Group constituted by the Competition Commission of India*

- *Member – Steering Committees for Reports on the observance of Standards and Codes (ROSC) Study on Insolvency and Creditors Right and Corporate Governance.*
- *Ex Hon. Secretary to All India Manufacturers' Organisation, All India Importer's and Exporter's Association and Western India Chamber of Commerce*
- *Hon. Consultant to Bombay Industries Association.*
- *Faculty member for Entrepreneurship Development Programme of Ministry of Industrial Development, Government of India.*
- *President - Association of Indian Investors (A Section 25 Company)*
- *Associated as Chairman/member of Income Tax Appellate Tribunal Bar Association, All India Manufacturers' Organisation.*

He has delivered lectures abroad at forums of the International Federation of Accountants and has travelled very extensively three fourth of the globe. Currently he is in his 6th term as the Central Council Member and Chairman of the following Committees namely, Committee on Cooperatives and NPOs and Ind AS (IFRS) Implementation Committee.