

Corporate Social Responsibility



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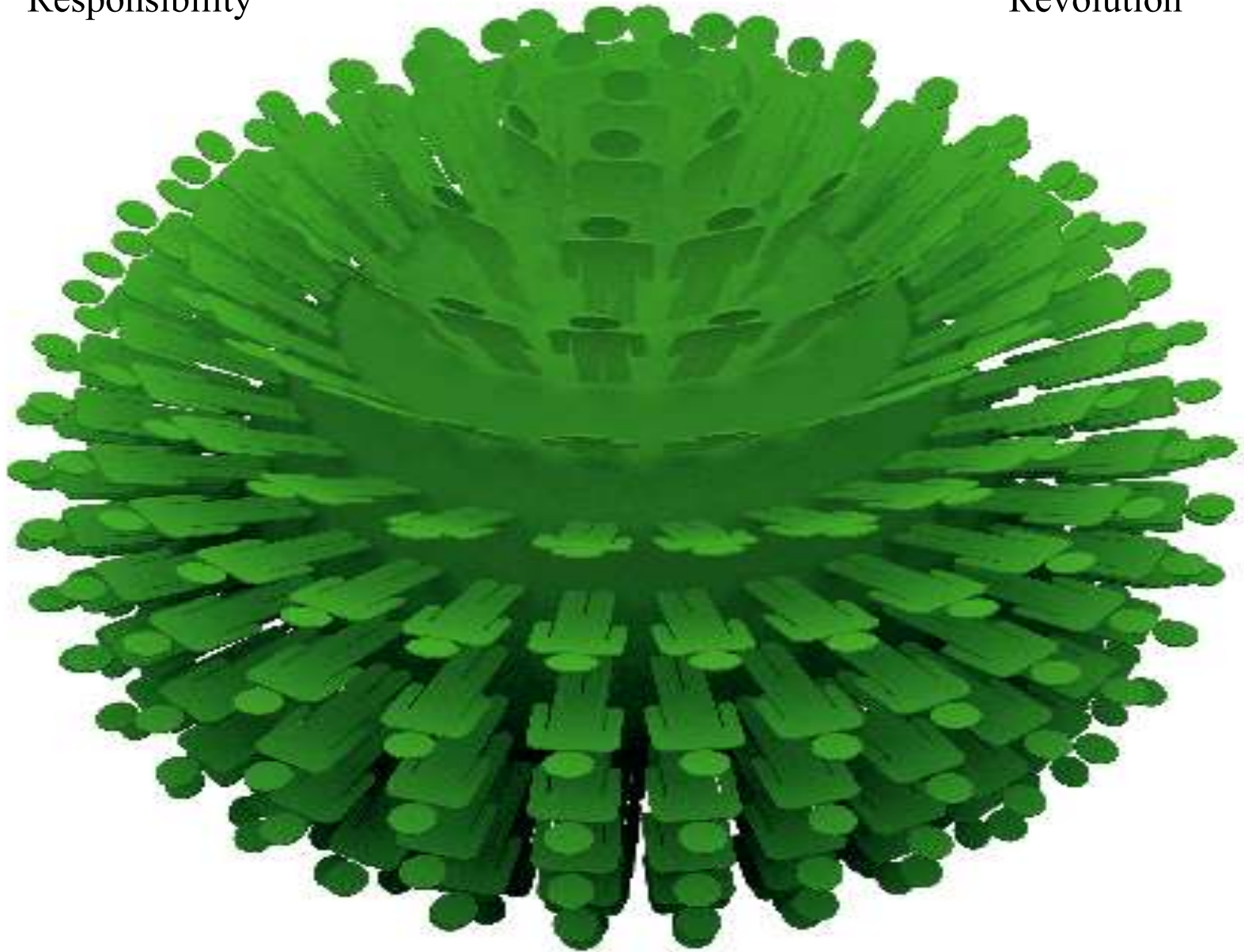
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Responsibility

Revolution





CSR - The Concept

"the integrity with which a company

- governs itself,
- fulfills its mission,
- lives by its values,
- engages with its stakeholders,
- measures its impact and
- reports on its activities".

CSR - New Coinage

C - Contributing
S - Social
R - Rising





CSR – Also known as

- **corporate conscience,**
- **corporate citizenship,**
- **social performance, or**
- **sustainable responsible business**
- **People, Planet Profit (Triple Ps)**
- **sustainable development**



CSR's – Potential Business Benefits

- **Human resources**
- **Risk management**
- **Brand differentiation**
- **License to operate**



CSR – The 3 Pillars

The three pillars of CSR are

- **Environment,**
- **Society and**
- **Commerce**

Spectrum of CSR



CSR – The Spectrum

- **Perspective of Employees**
- **Perspective of Consumers**
- **Perspective of Environment**
- **Perspective of Society at Large**



CSR – The Spectrum

- **Perspective of Employees**
 - human rights,
 - safety at work,
 - flexible working
- **Perspective of Consumers**
 - product quality,
 - fair pricing policies
 - consumer protection,
- **Perspective of Environment**
 - climate protection
 - caring for the environment,
 - sustainable management of natural resources.



CSR – The Spectrum

- **Perspective of Society at Large**
 - **Poverty Alleviation**
 - **Sustained Development**
 - **Developing Infrastructure in Rural Areas**
 - **Education**
 - **Health**
 - **Livelihood Creation**
 - **Skill Development**
 - **Empowerment of Weaker Section**

Corporate Governance





Corporate Governance (CG)

Corporate Governance is about

- **Transparency**
- **Integrity**
- **Accountability**

It is

- **CG is an essential part of CSR**
- **Good governance is about values & not rules**
- **Manifestation values is CSR**



CG assures.....

- Compliance of Accountancy standards
- Audit quality is safeguarded;
- BoD are effective
- Governance structures fosters efficiency and competitiveness
- Disclosure and transparency
- Interests of stakeholders protected;
- Corporate risks properly managed.



CG is a Key Instrument

- in achieving of CSR and corporate sustainability objectives
- in enhancing transparency on CSR concerns
- in highlighting the expectation from socially responsible businesses

Schedule VII

The Constitution of India





Activities under Schedule VI to the Constitution

Which may be included by companies in their CSR Policies

- (i) eradicating extreme hunger and poverty;**
- (ii) promotion of education;**
- (iii) promoting gender equality and empowering women;**
- (iv) reducing child mortality and improving maternal health;**



Activities under Schedule VI to the Constitution

v) combating human immunodeficiency virus, acquired immune deficiency syndrome, malaria and other diseases;

(vi) ensuring environmental sustainability;

(vii) employment enhancing vocational skills;



Activities under Schedule VI to the Constitution

(viii) social business projects;

(ix) contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government or the State Governments for socioeconomic development and relief and funds for the welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women; and



CSR – International Initiatives

- The European Union green paper on CSR
- OECD Guidelines for Multinational enterprise
- Global Sullivan Principles
- International Labour Organisation
- United nations global compact
- United Nations Norms
- Global Reporting Initiative
- Principles for Responsible Investment.



CSR – The International Standards

- International Organization for Standardization -ISO 26000
- ISO 14001: Environmental management standard
- Global Reporting Initiative - GRI
- Social Accountability International- SAI-SA 8000
- Account Ability -AA1000 Standard for Ethical Performance
- Triple Bottom Line
- Millennium development goals



8 Millennium Development Goals

G 1: ERADICATE EXTREME POVERTY & HUNGER

G 2: ACHIEVE UNIVERSAL PRIMARY EDUCATION

G 3: PROMOTE GENDER EQUALITY AND EMPOWER WOMEN

G 4: REDUCE CHILD MORTALITY

G 5: IMPROVE MATERNAL HEALTH

G 6: COMBAT HIV/AIDS, MALARIA AND OTHER DISEASES

G 7: ENSURE ENVIRONMENTAL SUSTAINABILITY

G 8: DEVELOP A GLOBAL PARTNERSHIP FOR DEVELOPMENT

**The
CSR**

Process





The CSR Process

- **CSR Strategy**
- **CSR management system**
- **CSR Reporting**
- **Stakeholders Engagement and Communication**



CSR – Key steps for successful implementation

- Better board preparedness and balance of power
- Increased accountability to shareholders
- Creating a mindset that decency and honesty pays
- Lead by Example
- CEOs must follow simple business rules
- Ensure 'responsible governance'



CSR in India



CSR – The Indian Way

- Ten point social charter
- CSR under the Companies Bill 2011
- Schedule VII
- The National Voluntary Guidelines on Social Environmental and Economic Responsibilities of Business, 2011.



**Comprehensive
guidelines
on
Corporate Social
Responsibility (CSR)
for
Central Public Sector
Enterprises (CPSEs)
in April 2010**





CSR Guidelines to CPSEs

- Issued by the Department of Public Enterprises, Ministry of Heavy Industries and Public Enterprises
- CPSEs to create
 - mandatory CSR budget
 - through a Board Resolution,
 - as a specified % of net profit
 - of the previous year



CSR Guidelines to CPSEs

- **Expenditure range for CSR in a Financial year**
 - 3-5% of the net profit of previous year in case of CPSEs having profit less than Rs.100 crores;
 - 2-3% (subject to minimum of Rs. 3 crores) in case the profit ranges from 100 crores to Rs.500 crores and
 - 0.5-2% in case of CPSEs having a net profit of more than Rs.500 crores in the previous year.

A large, three-dimensional question mark shape constructed from a dense layer of bright green grass. The grass blades are visible and point in various directions, giving it a textured, organic appearance. The question mark is centered in the upper half of the frame and casts a soft, light gray shadow onto the white background below it.

Why Companies

Invest

In

CSR?

Ultimately
The Business
Of Business

Is Business





Why Invest in CSR?

- To make an impact on critical issues
- Non profit partners are vital to the success of CSR
- Senior :Leadership Drive supports CSR Success
- Most companies tackle multiple issues through CSR programs
- Employee Engagement and Customer Participation



CSR – Reporting Requirements

- **Ethics**
- **Transparency**
- **Environment**
- **Health AND saFETY**
- **Corporate Governance**
- **Human Rights**
- **Community Investments**



CSR Reports – Common Areas

- **Environment**
- **Community Development**
- **Workplace Safety and Health**
- **Home-based employee relationship**
- **Corporate Governance**
- **Customer relationship**
- **Stakeholder relationship**
- **Supply-chain management**
- **Philanthropy**
- **Corporate Code of Conduct**
- **Overseas employee relationship**



CSR Reports – Common Areas

- **Integrity Assurance**
- **Bribery and Corruption**
- **Management Compensation**
- **Fair Trade**
- **Industry Code of Conduct**



About the Author

- *CA. Rajkumar S Adukia is an eminent business consultant, academician, writer, and speaker. He is the senior partner of Adukia & Associates.*
- *In addition to being a Chartered Accountant, Company Secretary, Cost Accountant, MBA, Dip IFR (UK), Mr. Adukia also holds a Degree in Law and Diploma in Labor Laws and IPR.*
- *Mr. Adukia, a rank holder from Bombay University completed the Chartered Accountancy examination with 1st Rank in Inter CA & 6th Rank in Final CA, and 3rd Rank in Final Cost Accountancy Course in 1983.*
- *He started his practice as a Chartered Accountant on 1st July 1983, in the three decades following which he left no stone unturned, be it academic expertise or professional development.*



About the Author

- *He has been coordinating with various Professional Institutions, Associations, Universities, University Grants Commission and other Educational Institutions.*
- *Authored more than 50 books on a vast range of topics including Internal Audit, Bank Audit, SEZ, CARO, PMLA, Anti-dumping, Income Tax Search, Survey and Seizure, IFRS, LLP, Labour Laws, Real estate, ERM, Inbound and Outbound Investments, Green Audit etc.*
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THANK YOU

