

# **GOOD CSR PRACTICES**

## **GLOBAL EXAMPLES AND LEARNINGS**

*Inclusive, Sustainable and Ethical Business Practices*

*“Sarwetra Sukhinah Santu, Sarwe Santu Niramaya...”*

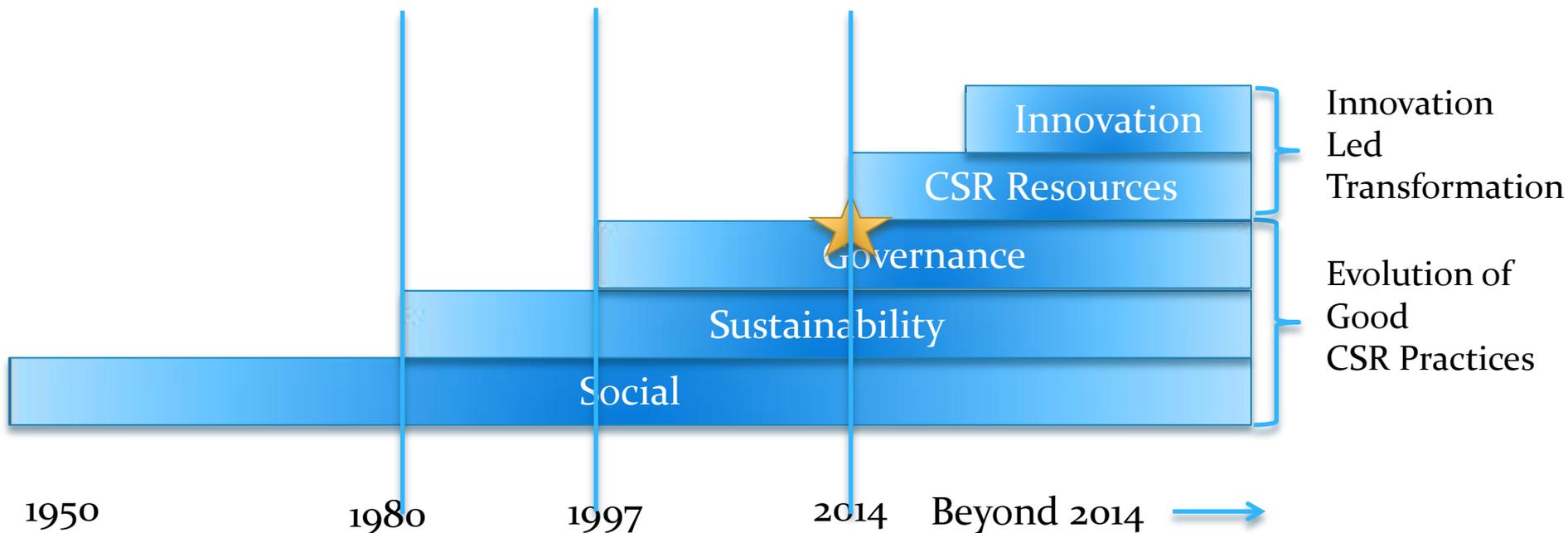
# AGENDA

- Evolution of CSR
- Good Practices in CSR
  1. Committing to Long Term CSR Vision
  2. Engaging Employees for CSR Practices
  3. Inclusive Business Practices
  4. Sustainable Business Practices
  5. Innovation in CSR Practices
  6. Transparency in CSR Reporting
- Impact of Good CSR Practices

# CSR EVOLUTION

**Trusteeship concept of Gandhiji, implemented now as CSR law**

- Corporate Motives Redefined (for profit, more profit and beyond profit)
- CSR Law in India – Trendsetting Corporate Commitment (First country in the world)



# 1. COMMITTING TO LONG TERM CSR VISION

- To drive company-wide awareness to achieve large scale impact
- Measure and report on CSR goals' integration in Business Operations

## Global Examples

- In 2005, Starbucks defined its 10 year (2015) goals
  - Reduce water consumption by 25%, achieved 21.1% by 2013
  - 1 MN employee volunteers hours, achieved 631K hours by 2013
- Bank of America's long term CSR Goals
  - Reduce paper consumption by 20% (2010 - 2015), achieved 25% by 2013!
  - \$ 2 BN in philanthropic investments by 2019, achieved \$ 267 MN by 2013
  - \$ 50 BN towards projects, products financing to reduce GHG, \$ 5.5 BN invested by 2013

## Learning

- CSR is an integral part of the business, no longer an optional practice
- Long term vision and alignment has real, large and positive impact

## 2. ENGAGING EMPLOYEES FOR CSR PRACTICES

- Socialize CSR Goals, Inspire participation, Support CSR Initiatives created by Employees
- Impact is multifold, gets ingrained in the company culture

### Global Examples

- Employee engagement into volunteer work
  - General Mills – 76% of employees engaged into volunteer work
  - Target Corporation – 1 MN volunteer hours per year
  - CISCO – 1 MN students participated in CISCO Networking Academy program
- Charitable giving by employees
  - Payroll Deduction - ~ \$1,000 per year per employee at Microsoft (worldwide)
  - Since 1993, NTT DATA employee donations support organizations, supporting People with Disabilities

### Learning

- Huge opportunity - creation of employee volunteer hours (approx 5 BN minutes/year)
- Additional funds generation (@1% ~ 3.75 BN\$) on top of 3 BN\$ from CSR
- Successful CSR practices have very high % of employee participation

### 3. INCLUSIVE BUSINESS PRACTICES

- Good CSR Practices are aligned to UN 2011 Guiding Principles on Human Rights
- Diversity of perspectives leads to better decision making, more relevant products and makes work more interesting

#### Global Examples

- Employee Diversity (Inclusive Recruiting Policy)
  - Hitachi employs over 2% Persons with Disabilities, since 2007
  - Starbucks' 100<sup>th</sup> store in Singapore operated by people with Autism
  - Intel hired 34% women, gender equality
- Vendor Diversity
  - CISCO has 600 suppliers (everything outsourced globally) and 100% of key suppliers need to cascade and report CSR goals in line with CISCO's CSR goals
  - Exxon spent over 1 BN\$ with women owned minority businesses/Vendors

#### Learning

- CSR practices can become vehicle of **India's Social transformation** and Empowerment of minorities, Specially Aabled and Other disadvantaged sections of society

## 4. SUSTAINABLE BUSINESS PRACTICES

- Businesses inherently are large consumers of natural resources, producers of environment hazards like GHG, pollutants, etc.
- Redefining Business Processes from sustainability perspective

### Global Examples

- Reduce, Re-use and Re-cycle
  - General Mills has reduced 40% of waste since 2005
  - Intel intends to recycle 90% of its solid waste by 2020
  - Since 1990, Nike has recycled old shoes to make sports surfaces (632 MN sq ft)
- Energy conservation
  - 10% improvement in energy efficiency achieved by Exxon in past 10 years
- Reduction in GHG Emission
  - Intel will have 100% green ground transportation fleet by 2016
  - 2.3 BN KWH of renewable energy purchased by Microsoft, double than 2012

### Learning

- Sustainable future requires Action TODAY by companies and their CSR goals
- Collective Investment, Innovation and bold Sustainability goals will help Nation Building
- “We want to leave the world better than we found it.” - Apple

## 5. INNOVATION AND CSR PRACTICES

- CSR Goals are challenging and has fostered Innovation
- Innovation has accelerated Adoption of CSR Goals with CSR Funds

### Global Examples

- Product Innovation like E-Rickshaw, Hybrid cars – new opportunities
- Energy Efficient data centers, computers, lighting – huge innovation, ongoing
- Apple's iMac consumes 97% less energy than first iMac (1998)
- New opportunities in Organic Food (e.g. Sikkim)
- Innovation of New Financial Instruments [Green Bonds, Foundations funded by Equity, Social Impact Bonds (SIB), etc.]
- Rise of Social Entrepreneurship for new products, solutions

### Learning

- Social Entrepreneurs can lead innovative projects that can be funded by CSR Funds
- **Innovation will lead Transformation** of processes, products, and practices

## 6. TRANSPARENCY IN CSR REPORTING

- More information on CSR helps gain credibility with business partners (i.e. employees, customers, investors, auditors etc.)
- CSR reporting is becoming mandatory in parts of the world
- Value of a company is no longer limited to financial statements ; also includes ESG information

### Global Examples

- Evolution of Reporting Standards : ESG (Environment, Social and Governance) focused
  - GRI – Global Reporting Initiative : By 1997, 4,000 plus companies
  - IIRC – International Integrated Reporting Council : 2010. 100<sup>th</sup> company signed
  - SASB – Sustainability Accounting Standards Board) : 2012. US companies mostly
- 2014 - Mandatory reporting in EU. European Parliament passed this CSR measure
- 2015 Goals of GRI expect all large and mid-sized companies should be mandated by their respective Govt. and stock exchanges to report on ESG performance

### Learning

- Companies that report CSR have higher chances for better valuation
- Only 31 of top 100 Indian companies publish comprehensive, separate CSR reports – more can follow the elite club!

# IMPACT OF GOOD CSR PRACTICES

1. Accelerated Nation Building with large number of long-term CSR related PPP programs
2. Role of industry associations like CII will get expanded to promote collaboration, setting standards, research etc.
3. The funds generated by the new law will foster funding of projects undertaken by Social Entrepreneurs
4. Increased Demand for CSR Professionals and Institutions
5. Accelerate Social Transformation

## ABOUT PRANAV DESAI



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