UNIT II

SUBJECT: CORPORATE SOCIAL RESPONSBILITY

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CLASS: I M.A. English

UNIT II

Designing a CSR policy – factors influencing CSR policy – managing CSR in an organization role of the human resource professional in CSR– global reorganization of CSR – ISO 14000 – SA8000 – AA1000 – codes – formulated by an Global compact – UNDP – global reporting Initiative.

Foundation for a successful CSR policy:

1. Company's culture and skills position it to establish unique ways to support sustainable communities through initiatives that are intrinsic to a company's brand. This is your company's opportunity to get local or global or creative or all of the above. Establish what will motivate employees and align the company's objectives with external stakeholders. Companies might initiate best-in-class policies, champion regulatory or legislative changes, or reinvent a product that changes an industry.

2. Gold standards for guidelines. Adopt an internationally recognized standard with approved criteria and metrics that are independently verified by a certification body. Find one with metrics most relevant to your business so you can establish your baseline performance and goals – perhaps that's the certification of core source material you use in your business, or your carbon or water footprint, level of waste diversion, and/or your community involvement. Look at the areas that are impacted by your business, the areas that matter to you, and to the stakeholders you want to engage.

3. Engage employees. By engaging your employees in the process of creating, implementing and managing your CSR policy you will foster a sense of

ownership in and responsibility for the success of your company's CSR program while discovering the ways in which core business must adapt its practices to best execute the program.

4. Consider health and safety. Your policies should take into account the health and safety of your employees beyond what is just required by the letter of the law. This doesn't stop at hard hats or safety glasses, but extends to all facets of how you do business. Ensure that you have the budget and infrastructure for proper equipment, training and support. Healthy and safe work employees are the most productive employees.

5. Draft it. Live it. Breathe it. A CSR program is more than a well-articulated document – it needs to be comprised of executable principles that every member of the organization can put into action. If you're asking your team to do anything you yourself wouldn't do, then assume there are others like you on the team and re-evaluate.

6. Brand it. Consider your CSR program not only as part of your overall brand strategy but as having an equally strong and recognizable brand that can stand alone. Could your CSR program be the difference maker between you and your competition? If so, you'll want to monetize that distinction by branding the program for both customers and employees as you build a sustainable and positive corporate culture.

7. Establish metrics. Identify the benchmarks and metrics that reinforce successful practices in order to show how you've moved the needle over time. By actively adhering to reported outcomes you will also demonstrate commitment and align your company with potential stakeholders who respect the effort and the transparency.

8. Treat your program like a course of study and create a curriculum. Build in the training and education that will be needed for current and future employees to learn about the program and how to embody it within their job function.

9. Continuous improvement. Once you've determined the program, don't rest on your laurels. CSR programs have goals – what will you do once you achieve those goals? How will you push farther? Account for continuous improvement strategies that will increase your potential impact every year. Perhaps it's about higher percentages or certification.

10. Leverage your CSR policy to align with like-minded companies and build trust. Reach out and engage with other companies that share your values through formal networks, associations, conferences and panel discussions. This will help showcase your company's CSR commitment and allow you to compare notes and take learning back to your team for future strategic planning, positioning and growth.

LATEST CSR TRENDS & FACTORS INFLUENCING CSR IN INDIA

With the growing Industrialization and competition, the main aim of any capitalist economy is to maximise its profit. But recently, the practice of CSR is gaining traction in both theory and practice. **CSR in developing countries like India** has played a significant role as the majority of the population living here is deprived of economic and social growth status. Such an idea of Social responsibility is also evolved in the modern corporates too. For the new generation of corporate leaders, profit optimization is more important than only profit maximization. Hence there is a shift in accountability from shareholders to stakeholders (including employees, consumers, and affected communities). Today, CSR activity is on the agenda of many CEOs. It is also being considered seriously by the Governments (National and local), as well as NGOs, consumer groups, investors and other actors in civil society.

CSR Trends in India:-

According to **CSR act 2013**, "every company, private limited or public limited, which either has a net worth of Rs 500 crore or a turnover of Rs 1,000 crore or net profit of Rs 5 crore, needs to spend at least 2% of its average net profit for the immediately preceding three financial years on Corporate social responsibility activities. **The CSR activities in India** should not be undertaken in the normal course of business and must be with respect to any of the activities mentioned in Schedule VII of the act". After the enforcement of new Companies Act, we can see a significant inflow of contributions by businesses towards socio-economic and environmental initiatives. Education ,healthcare, livelihood and skill development remain the areas receiving a majority of the CSR funds.

If a company engages with its stakeholders effectively, it can enjoy a strong and enduring reputation in the market and community. The idea still needs to be understood and implemented in a better manner by the business sector in India.

Factors influencing CSR in India.

CSR initiatives face many challenges in India and are often seen as a deterrent to even the best-intentioned plans. The most important ones are described here.

1.Lack of Community Participation in CSR Activities

Majorly, communities who are intended beneficiaries of a CSR program show less interest which will affect their participation and contribution. Also, very little efforts are being made to spread CSR within local communities and instill confidence in the people. The situation is further aggravated by inadequate communication between the organization and the community at the grassroots level.

2. Issues of transparency

Lack of transparency is one of the key issues. There is a perception that partner NGOs or local implementation agencies do not share adequate information and make efforts to disclose information on their programs, address concerns, assess impacts and utilize funds. This perceived lack of transparency has a negative impact on the process of trust building between companies and local communities, which is key to the success of any **CSR initiative**.

3. Lack of Consensus

There is a lack of consensus amongst local agencies regarding **CSR project** needs and priorities. This results in lack of consensus often result in duplication of activities by corporate houses in the areas of their intervention. The consequence results in unhealthy competitiveness spirit among local implementing agencies, which goes against the necessity to have rather than building collaborative approaches on important issues. This factor limits organization's abilities to undertake an impact assessment of their initiatives from time to time.

4. Civil Society Strengthening

Capacity for strong performance in the community is the foundation for lasting social benefits. Worldwide, civil society is an important social and economic force with the potential to create a more free, fair and just global order. The collective nature of civic action helps to ensure that the interests of all citizens—including women, the poor and other marginalized groups—are adequately weighed by public institutions that make policy and allocate resources. Many civil society organizations (CSOs) face common challenges that limit their effectiveness namely, the ability to manage human and financial resources, weak advocacy abilities, and insufficient management ability to scale up promising innovations and results to achieve wider impact.

5.Social Impact Management

This addresses the issue of inclusive growth is more than mere poverty alleviation. It seeks to address the problem of equity through the enhancement of opportunities for everybody.

Managing CSR in the workplace

One of the last bastions of resistance to CSR programmes within corporates often seems to be the HR department. Given the significant range of issues owned here, that can be a real disadvantage. What are the corporate social responsibility issues that need to be managed in the workplace?

The relationship between a company and its employees can have a big impact on that other key relationship - that between the company and its customers. After all, whether the customer trusts and values the company is likely to hinge on the impression created by its human face. If the employees are disgruntled or cynical this will lose no time in communicating itself to others who deal with the business.

So the first question comes down to how employees are dealt with, and whether they feel a sense of motivation and pride in working for the company. Traditionally, this has come down to areas such as the following:

- Remuneration: does the company pay a fair wage (the concept of a 'living wage' in developing countries is a point of some dispute, but the basic point being that paying industry norms that do not provide enough to meet basic living requirements is not good enough)?
- Employee development: does the company invest in training and development for its staff? Is employee development a consistent part of the appraisal process?

One factor of CSR in the workplace is how the company responds to extraordinary circumstances.
- Is the employee consulted about policies and procedures that may affect the working environment?

- Work-life balance: does the company enable working arrangements that suit the individuals need through approaches such as home / flexi working, provision for religious observance, support for carers etc.
- Health and safety: does the company comply with all applicable health and safety legislation? Does it go beyond this to show a genuine care about the health and well being of its people?
- Diversity: does the company respect all current and potential employees by valuing them for themselves, and avoiding placing artificial barriers or distinctions based on any aspect of the differences between them?
- Consistency across different working environments: does the company apply basic minimum standards - the respect for human rights and dignity - in all countries where it operates and does business? Although local working conditions may vary depending on the culture and practice of the country concerned, do the core values still apply in how the company responds to these?

The best companies probably go beyond this, and succeed in making their employees understand the value of their work in terms of the bigger picture. Nobody wants to be just a cog in the machine. Good companies communicate their game plan throughout the workforce, and how each individual is helping to achieve the goal. The line here, as is often the case, between CSR and plain good management is rather blurred.

The HR Role in Promoting Corporate Social Responsibility

The world is a smaller place thanks to the internet, global trading, and new communication and technology advancements. More U.S. companies are expanding overseas, and now manage a global workforce that has unique benefits, rules/laws, and different languages and currencies. With this global expansion comes a responsibility.

When companies are global, an important challenge in garnering success is to respect other cultures and workforce environments and start forming a global profile or social consciousness. Recognize these differences with a sound Corporate Social Responsibility (CSR) plan that can simultaneously increase shareholder value, boost employee engagement and increase employer brand recognition.

Human Resource departments play a critical role in ensuring that the company adopts CSR responsibility programs. Furthermore, HR can manage the CSR plan implementation and monitor its adoption proactively, while documenting (and celebrating) its success throughout the company.

HR technology can help with a CSR program, including reducing the company's carbon footprint to benefit the planet. Start with these areas:

- Implement and encourage green practices.
- Foster a culture of social responsibility.
- Celebrate successes.
- Share and communicate the value of corporate social responsibility to employees and the community.

Implement and Encourage Green Practices

Implement green practices to assist in environmental waste reduction, while promoting and encouraging stewardship growth, better corporate ethics and long-lasting practices that promote both personal and corporate accountability.

The value inherent in embracing green aspects of corporate responsibility is clearly understood, given the direct impact that rising energy and utility costs have on employees' pocketbooks. Conservation has become an accepted means of making our planet healthier.

Reducing each employee's carbon footprint is a great way of getting energy conservation and recycling waste initiatives off the ground. Here are suggestions to start:

- Recycle paper, cans, and bottles in the office; recognize departmental efforts.
- Collect food, and especially donations, for victims of floods, hurricanes and other natural disasters around the globe.
- Encourage reduced energy consumption; subsidize transit passes, make it easy for employees to carpool, encourage staggered staffing to allow after rush hour transit.
- Permit telecommuting and allow employees working remotely to the degree possible.

- Encourage shutting off lights, computers, and printers after work hours and on weekends for further energy reductions.
- Work with IT to switch to laptops over desktop computers. (Laptops consume up to 90% less power.)
- Increase the use of teleconferencing, rather than on-site meetings and trips.
- Promote brown-bagging in the office to help employees reduce fat and calories to live healthier lives and reduce packaging waste, too.

Foster a Culture of Corporate Social Responsibility

Creating a culture of change and responsibility starts with HR. Getting the younger employees, who are already environmentally conscious, excited about fresh Corporate Social Responsibility initiatives is a great way to begin. A committed set of employees who infuse enthusiasm for such programs would enable friendly competition and recognition programs.

Over the past few years, major news organizations have reported on large, trusted companies that have failed employees, shareholders and the public (i.e., Enron, Lehman, WaMu). These failures created a culture of mistrust in the corporate world.

All too often, employees and employers at all levels, who competed for advancement and recognition in harsh workplaces, were forced to accept corporate misconduct and waste as "business as usual."

Employer brands are being eroded and the once sacred trust that employees had with stable pensions, defined benefits, and lifelong jobs, are being replaced with pay for performance and adjustment to new learning goals. In this environment,

Corporate Social Responsibility can go a long way in rehabilitating the employer brand with potential new hires and society at large. It can help defeat the image that corporate objectives are rooted in single-minded profit at the expense of society and the environment.

Social and community connections that are encouraged by employers give employees permission to involve their companies in meaningful ways with the community. Employers can connect with their employees and the community through:

- Company matches for employee charitable contributions;
- Community programs and volunteer days;
- Corporate sponsorship of community events; and
- Encouraging employees to participate in walkathons, food banks, and so forth.

Celebrate Corporate Social Responsibility Successes

Celebrating success is important to sustain the momentum of any CSR program. Involving company leaders, and praising the success of these initiatives, gives the program real meaning.

In the rapidly expanding global workplace, the celebration of these successes not only drives the implementation of Corporate Social Responsibility initiatives but also allows sound corporate HR practices to enable them.

Additionally, the publicity about these successes creates a mutual understanding of the cultures within each region that the company serves. The local population knows that, in addition to providing jobs, the company takes an active interest in, and participates in local issues.

Three Key Areas of Corporate Social Responsibility

Focusing on three key areas of Corporate Social Responsibility can help create a cohesive map for the present and future:

Community Relations

Encouraging Community Relations through your HR team includes implementing reward programs, charitable contributions and encouraging community involvement and practices.

Examples of these programs include sending emails and company newsletters to staff members that highlight employees and managers involved in community relations or creating monthly reward programs to recognize efforts by individuals within the company.

Training and Development

Training and Development programs that explain the connection between the company's core products or services and the society at large and their value to the local community. They must also identify ways in which employees can get involved in appropriate CSR projects that would sustain and direct these initiatives.

A Cohesive Global Corporate Social Responsibility Platform

Global Corporate Social Responsibility policy, centrally managed, is important to acknowledge successes and measurements according to accepted standards. Central to measuring and communicating these results is the use of a web-based Human Resources Information System (HRIS) that is available globally to employees and managers with any Web browser.

To encourage and maintain a clear and cohesive global workplace, it is critical for the entire global workforce of a company to be on a single, multi-functioning HR platform, which allows for distributing a sound corporate responsibility plan.

Having a global HR solution that offers companies flexibility, ease of use and the right mix of tools is essential to the success of both employees and employers alike, as they manage and maintain work-life balance and thrive in a changing environment that includes taking on social responsibility.

The success of your Corporate Social Responsibility plan is possible with an HRIS that provides the capability to plan effectively, control and manage your goals, achieve efficiency and quality, and improve employee and manager communications.

The flexibility of your HRIS system is critical to tracking and pursuing a sound Corporate Social Responsibility plan, and a Web-based system provides an unparalleled level of both scalability and accessibility to implement your Corporate Social Responsibility plan at a global level.

It is an increasingly important endeavor, as companies, societies, and people coexist productively and in harmony, across the planet we all inhabit.

CSR Policy

Corporate Social Responsibility (CSR) is the way and mean through which corporates can repay the obligations made by the Society by contributing the resources in its various forms as required for the efficient operation of the Business. Corporate Social Responsibility is strongly connected with the principles of sustainability. Organization should make decisions based not only on financial or operational factors, but also on the social and environmental consequences. Therefore, it is the core corporate responsibility of Ugam to practice its corporate values through its commitment to grow in a socially and environmentally responsible way, while meeting the interests of its stakeholders.

Objective and Purpose
The key purpose of this Policy is to:
- Outline the development areas in which the Company shall get involved in.
- Define governance structure for CSR management within the Company.
- Serve as a guiding document aiding in identification, execution and monitoring the CSR projects.
- Describe the treatment of surpluses from CSR activities.

Alignment with Ugam Values
We believe to drive our CSR policy with the same values which directs Ugam. Hence, this CSR Policy absorbs Ugam's core values and is aligned in the following manner to its CSR strategy:
- Being Accountable for what we do: Ugam considers itself accountable for contributing back in a meaningful way to the society/ Nation.
- Embrace Diversity: Ugam believes in embracing diverse views and opinions which lead to a better solution. Accordingly, for execution of its CSR objectives Ugam plans to partner, where necessary, with NGOs/ other charitable organizations to meet the CSR objectives.
- Collaborate to Win: Collaborating with other NGOs/ charitable organizations, with footprint/ expertise in areas selected, is a key aspect of Ugam's strategy to make a positive impact in its CSR activities.

Applicability
CSR Policy is applicable to Ugam Solutions Pvt. Ltd and its Indian subsidiaries (collectively referred to as "Ugam") which are mandated with the CSR

expenditure obligations as per Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended from time to time.

Scope of CSR Policy

This Policy applies to all CSR projects that will be undertaken by Ugam and shall fulfill all the requirements of Section 135 of the Companies Act, 2013. Ugam shall ensure all these activities are over and above the normal course of business and are in line with Schedule VII of the Companies Act, 2013. This Policy will be periodically reviewed and updated in line with the relevant codes of legislation and best practices that can be adopted by Ugam.

Areas to Emphasize

Ugam has broadly selected four areas of focus under its CSR activities, as under:

Education:
- Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects.

Environment Sustainability:
- 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;
- 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.

Medical and other Welfare
- Providing medical relief and rehabilitation to communities who either don't have access to quality health care or cannot afford it;
- Eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation and making available safe drinking water;
- Promoting gender equality, empowering women, setting up homes and hostels for women and orphans, setting up old age homes, day care centers and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;

- Measures for the benefit of armed forces veterans, war widows and their dependents;
- Training to promote rural sports, nationally recognized sports, Paralympics sports and Olympic sports;
- 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;
- Contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government;
- Rural development projects;
- Slum area development. Explanation – for the purposes of this item, the term 'slum area' shall mean any area declared as such by the Central Government or any State Government or any other competent authority under any law for the time being in force.

Emergencies and Natural Calamities
- Ugam shall provide relief, support, rehabilitation etc. in case of natural calamities or emergencies.

Undertaking CSR activities

Ugam will undertake CSR activities either in partnership with not for profit, registered trusts/ societies/other body corporates who are engaged in activities or programs which fall within the purview of Ugam's CSR Policy and areas of focus, or directly through a trust it may set up in future for the purpose or both.

Governance Structure:

A governance structure at Ugam is responsible for implementing and administering CSR Policy, in compliance with the requirements of Section 135 of the Companies Act, 2013. The Board of Directors of both the Companies who are ultimately accountable for the CSR projects undertaken by Ugam.

Ugam has constituted a CSR Committee at the Board level. The CSR Committee is supported by the CSR Team, comprised of representatives from both these companies.

CSR Committee

Ugam has constituted Corporate Social Responsibility Committee (the "CSR Committee") in line with section 135 of the Companies Act, 2013 (the "Act"). The CSR Committee consists of following members of the Board:

- Mrs. Mohana Nair – Chairperson
- Mr. Raj Nair
- Mr. Sunil Mirani
- Mr. Madhav Mirani

The CSR Committee of the Board shall be responsible for:

- Review of CSR activities in the Company.
- Formulation of CSR Policy.
- Monitoring of implementation of CSR Policy.
- Recommend to the Board, modifications to CSR Policy as and when required.
- Appraise to the Board the CSR expenditure done during the year.

CSR Team:

Dedicated CSR team shall be constituted from among the employees at Ugam, for implementing the CSR Policy and shall work under the guidance of CSR Committee and will be mainly responsible for:

- Execution of CSR Policy.
- Identify projects and key initiatives pursuant to CSR Policy.
- Facilitating allocation of funds to the projects as identified for CSR activities.
- Monitoring CSR Projects to establish effectiveness of CSR efforts and appraise the same to CSR Committee.
- Compilation of information & preparation of Annual Reports on CSR activities and presenting the same to CSR Committee.
- Any other activity necessary to ensure achievement of CSR objectives.

CSR Budget

The total budget for the CSR projects in each financial year will be decided by the CSR Committee in accordance with applicable provisions of the Act and the CSR Rules. The CSR Committee shall propose to distribute the budget among the Areas to Emphasize or such of them as the CSR Committee may deem fit in each financial year, in such proportion and in a manner that meets the objectives

of the CSR Policy.

For any reason if the CSR team is not able to follow the allocation agreed on in any of the Areas to Emphasize described above, the same shall be utilized in such other Areas to Emphasize as the CSR team may recommend with the reasons therefor, and the CSR Committee may approve.

Implementation Process
CSR Contributions:
The Company will endeavor to contribute and spend at least 2% of the average net profits of the Company made during the three immediately preceding financial years or such amount as may be recommended by the CSR Committee from time to time in pursuance of this Policy.

Compliance, Monitoring and Reporting

Compliance
CSR Team will plan, implement, monitor and manage all CSR projects & activities for Ugam and will work closely with the CSR Committees of the Board of the Group companies.

The CSR Team will formulate implementation plans for the projects specifying the following:

- Activities to be undertaken.
- Budgets proposed.
- Time frame for implementation.
- Responsibilities and authorities for implementation.
- Results expected to be achieved post implementation.

Monitoring
The CSR Team will monitor the implementation and progress of the approved projects through appropriate mechanisms such as site visits, review meetings and progress reports etc. Mechanisms to track data and monitor projects will be established to ensure the transparency and efficiency of the implementation process. The projects will be evaluated against the milestones defined in the implementation plan of the project.

Reporting

The CSR Committee of the Board, based on reports presented by the CSR Team, will annually publish report on the CSR projects as a part of the Director's report. The report will disclose information in the format as prescribed by the Section 135 of the Companies Act 2013. The CSR Committee shall also submit a responsibility statement to the Board that the implementation and monitoring of the CSR Policy is in compliance with the approved CSR Policy of the Company.

The CSR Policy on being approved by the Board shall be displayed on the website of the Company and any modifications carried out from time to time shall also be updated on the website of the Company respectively.

Treatment of Surplus

Any surplus generated from CSR projects undertaken by Ugam w. e. f. 2016-17 will be tracked and channelized into Ugam's CSR corpus. These funds will be further used in development of the CSR projects and will not be added to the normal business profits.

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