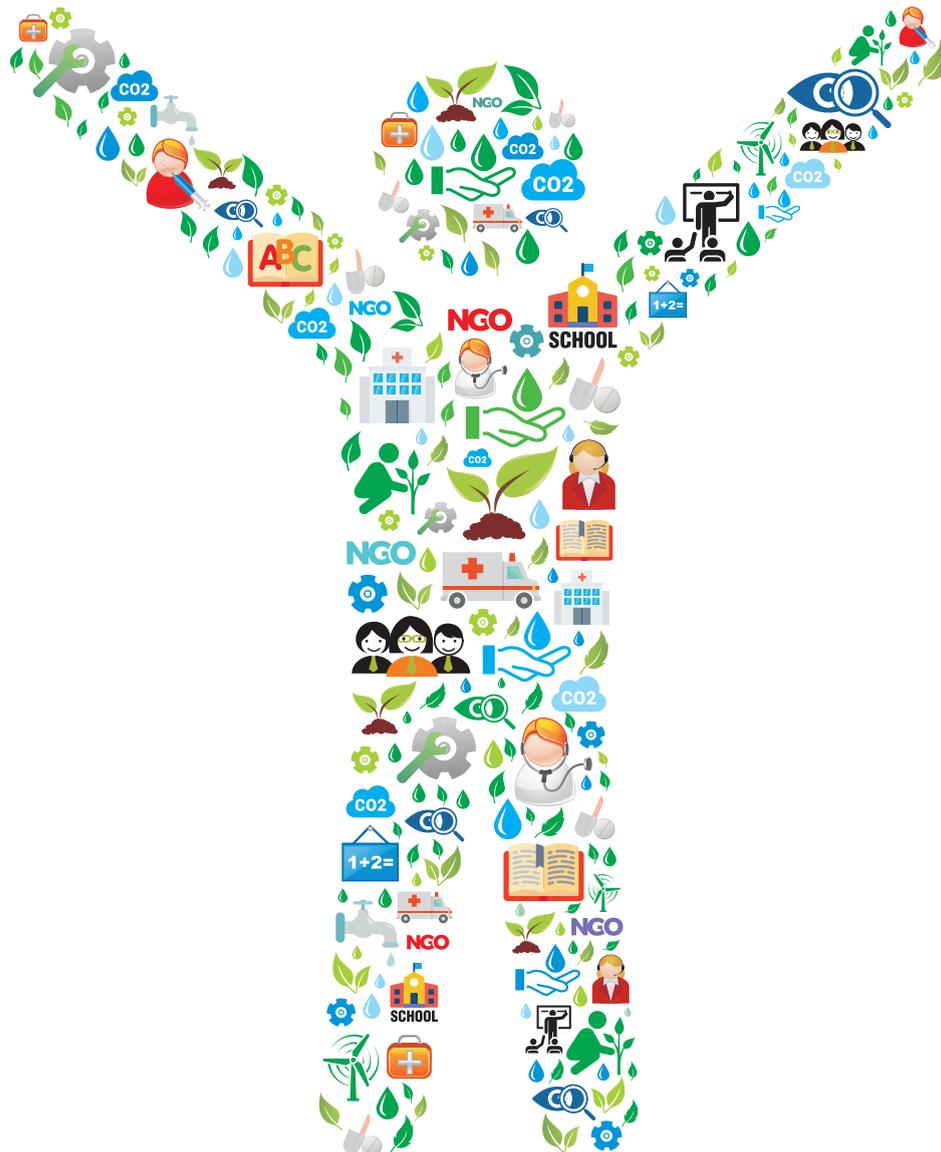


# Towards Competent **S**ocial **R**esponsibility

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TABASSUM INAMDAR

May 2019

**AUTHOR'S NOTE**

***“As CSR was moved from backroom to boardroom, the key expectations were that the best minds at the highest level would be involved and would be more innovative and effective at solving social problems.”***

***Dr Bhaskar Chatterjee<sup>1</sup>***

In the past few years, the government has raised the stakes for Corporate Social Responsibility (CSR) by prescribing how much companies need to spend and by tightening the reins on compliance. The corporate sector has responded by putting in place programmes to meet the government's mandate and yet there remains critical scope for defining sharper strategies that compel better execution and delivery of sustainable, scalable and impactful solutions.

Given that CSR is a law, it would behoove company boards and senior managements to move past checking regulatory boxes and towards making their social investments as effective as their corporate growth strategies. Companies that are focused on smart strategic solutions designed to grow the goods and services that earn them revenues should devote these skills to maximize the impact of their CSR programmes.

Based on an analysis of some of India's largest conglomerates' CSR disclosures and the combined knowledge from extensive interactions with managements, the report lays out a 7-point frame-work that is the foundation of successful CSR. The report also highlights some of the best practices of these companies. These include identifying and focusing on specific issues/geographies, long-term planning, scalability and sustainability, effective execution, monitoring and impact assessment. The idea is not so much to force these practices as much as to elevate strategic (non-financial) corporate investment towards better Social Return on Investment (SROI).

Some of the companies that stood out in their impact-focused and structured approach to CSR were ITC, M&M, Maruti and Nestle India.

**Sample Group**

For this research, I identified the top 100 companies in India by profit, of which 74 were private sector firms. I approached 35 of these companies and managed to interview 27 (plus another three not in the top list), CSR/Foundation officials (Appendix 1 on page 27) across Mumbai, Delhi, Pune and Kolkata. These 27 companies/groups/Foundations accounted for nearly Rs 38.4 billion of actual CSR spend (not prescribed) and 67% of total profit after tax (PAT) in FY18. Note that the top 500 Indian companies spent around Rs 96 billion in FY17 and Rs 112 billion in FY18E on CSR activities<sup>2</sup>.

I would like to express my appreciation to the CSR officials I met from 30 companies/groups/Foundations for participating in this study, many of whom were extremely generous with their time. I learned a lot from these interactions, but this is by no means a comprehensive list of the good practices followed by companies.

Tabassum Inamdar

May 2019

<sup>1</sup> Board member IILM Institute of Higher Studies, Secretary General, Indian Steel Association. Former DG & CEO of the Institute of Corporate Affairs, spearheaded the National Foundation for CSR, acclaimed as the Father of CSR

<sup>2</sup> Source: CSR in India, The Numbers Do Add Up, NGOBox & CSRBox.

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## CSR: FROM COMPLIANCE TO EFFECTIVE DELIVERY

Section 135 of the Indian Companies Act 2013 (Appendix 2 on page 28) requires the Board of a company to ensure that it spends 2% of its previous three years' average profit on corporate social responsibility (CSR), or specify the reasons for non-compliance. Over the past few months, the Ministry of Corporate Affairs (MCA) has issued over 5,000 notices (relating to FY16) to companies for not spending their CSR funds or providing what it deems valid reasons. The consequence could range from paying fines to court cases or doing jail time.

Irrespective of one's personal view whether CSR should be voluntary or mandatory, the fact remains that CSR is here to stay. Rather than consider this only as a compliance imperative, top managements should start focusing on CSR strategies and adopt a long-term vision to optimize the impact of their spends. Perhaps in the initial phase, top managements and boards may need to spend more time, like any company would do for a new product/area of business focus.

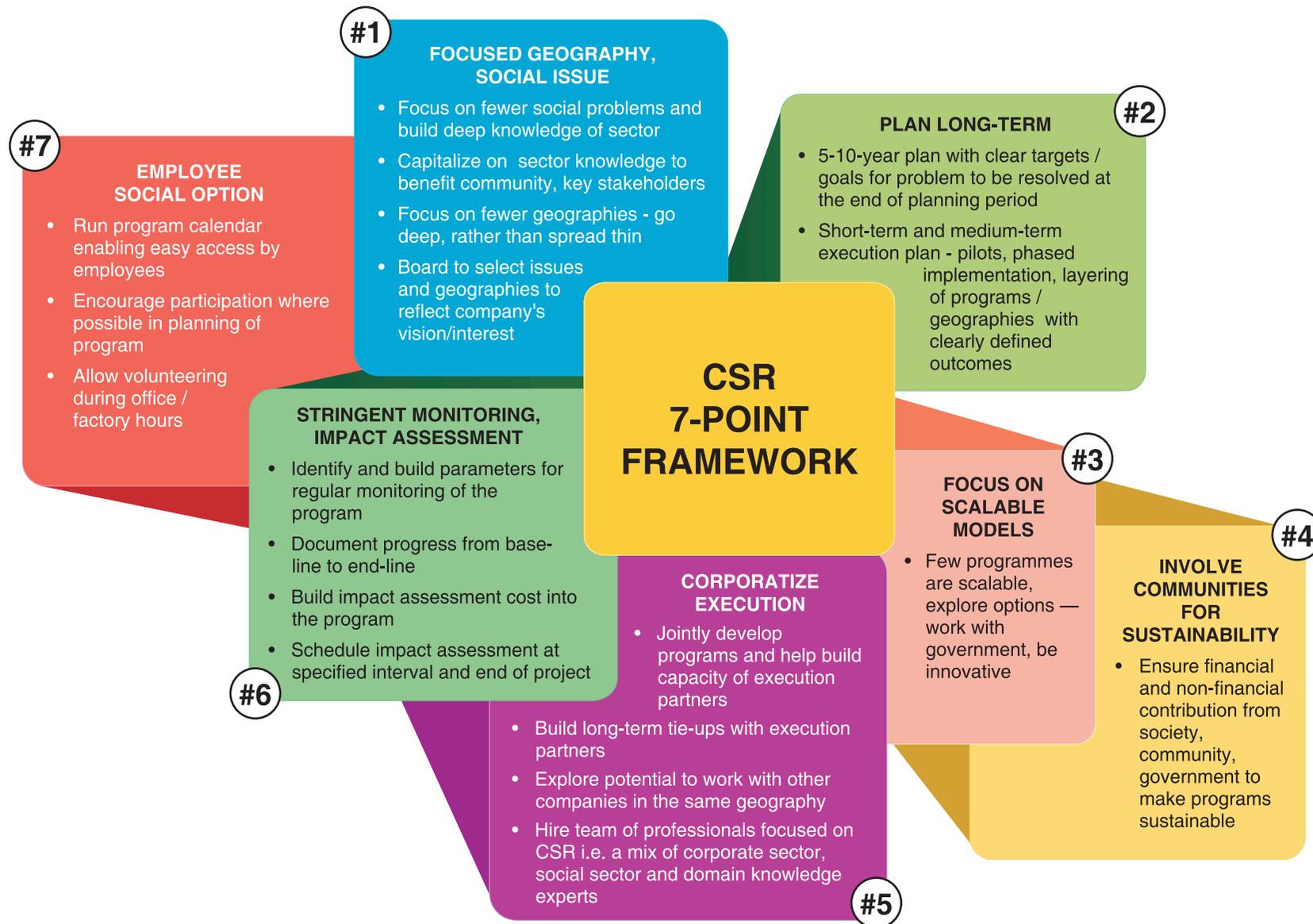
An analysis of corporate annual reports, sustainability reports and inputs from the 30 meetings with CSR/Foundations' officials shows that companies' CSR strategies have evolved since 2014. However, there is significant scope for improvement in both detailing the strategies and successfully executing them to deliver sustainable, scalable and impactful solutions. Companies have both the ability and the opportunity to bring in efficiency, rigor and discipline of normal investing into the CSR space and contribute significantly to society while spending the mandated 2% of profit.

Based on my research and the combined knowledge from my interviews, I have identified 7 point-framework that mark the foundation of successful CSR — see page 5. Also highlighted in this report are some of the best practices that companies could find useful. I was most impressed with the strategic approach to CSR by ITC, M&M, Maruti and Nestle India. Readers should note that:

- ✓ The examples discussed in this report highlight what the company is doing right on any or all attributes of the 7-point framework. While it may be difficult for companies to tick all boxes, it is important to try and achieve as many as possible.
- ✓ While I learned a lot from all my meetings, this is not a comprehensive list of all the good practices companies are following.

**Caveats:** With regard to information and analysis in this report, please note: (1) it assumes that projects/programs reflected in this report are all accepted as CSR under the law (2) the author has not done an independent verification of CSR impact data/numbers shared by companies, has not visited these projects, and does not intend her research to represent due diligence of any company/NGO's project/program.

## 7-POINT FRAMEWORK FOR DELIVERING IMPACTFUL CSR



## # 1: FOCUSED GEOGRAPHY, SOCIAL ISSUE

The first step in CSR strategy is identifying focus locations and social issues/sectors. The relevant questions here are:

- I. How has the company selected its geographies and social causes?
- II. How does the company capitalize on its core competency/sector knowledge to benefit society and key stakeholders?
- III. Is this the vision of the promoter/CEO or is this board-driven?

Companies delivering relatively better outcomes are generally focused on: (a) fewer issues/social problems three to five at the most, (b) intensifying efforts in fewer locations rather than spreading themselves thin across multiple regions (c) capitalizing on their core competency, industry knowledge, (d) targeting the community they have linkages with.

### I. Multiple geographies and sustainability goals to choose from

Companies are following broadly three types of strategies:

- A. **Investing in multiple social issues** – around community or stakeholders
- B. **Thematic focus** – few social issues where companies are building expertise and depth
- C. **A mix of both** – Foundation focuses on thematic area, while the company focuses on multiple geographies and themes

#### A. Investment in multiple issues around stakeholders

**Most companies work around their plants/communities but elsewhere too ...**

The law suggests that companies should prioritise communities around their areas of operation. However, most companies work in multiple places, not just those that are around their factories but also in other locations that are selected based on some social cause they support.

The best example of identifying focus geographies I found was at ITC. ITC identified the core operational geographies — 103 clusters comprising 902 villages/wards based on parameters relevant to each of its businesses (Exhibit 1). These geographies became the nucleus of the 2-Horizons suite of interventions that ITC identified to execute its social investment programmes.

#### ■ Exhibit 1: ITC's focus geographies are relevant to each of its businesses

Business	State & District	Logic for Core Areas
ILTD (Tobacco division)	Andhra Pradesh - Prakasam, Nellore, West Godavari & Guntur Karnataka – Mysuru	All Adarsh Gram Villages identified by the Division
ABD (Agri Division)	Madhya Pradesh - Sehore, Vidisha, Guna & Ashoknagar Uttar Pradesh – Chandauli & Allahabad Rajasthan - Kota, Baran, Jhalawar & Bundi	Wheat crop areas with high procurement & higher presence of poor and marginalised communities
PSPD (Paper Division)	Telangana – Khammam	Villages with significant area under plantation with high future potential within a radius of 50 kms in Khammam district
Factories	Prakasam, East Godavari, Khammam, Chennai, Krishnagiri, Coimbatore, Mysuru, Bengaluru, Kolar, Pune, Saharanpur, Haridwar, Baddi, Munger, Kolkata, Howrah, Hooghly, Kamrup, Darrang, Kapurthala	Villages /municipalities within 5 kms radius plus any other locality recommended by the factory

Source: Companies

### ...this could be around multiple sectors/issues

Manufacturing companies generally work around community/villages near plant/factory locations with focus on multiple issues. While the community's needs will always be many, the important question companies should address is how many areas of focus is too many? Focusing on several issues and geographies simultaneously may not be very effective. Few companies have done an impact assessment around communities and it is not clear how effective this strategy is.

Three important steps while working with communities are: (i) doing a need-based assessment (ii) taking a layered approach to solving problems, and (iii) exploring opportunities to work with other corporates in the same geography.

#### Need-based assessment a must

Most companies I met did some need-based assessment with the help of local community and local government either on their own or with the help of external consultants. To quote Melinda Gates: "We're acutely aware that some development programs in the past were led by people who assumed they knew better than the people they were trying to help. We've learned over the years that listening to and understanding people's needs from their perspective is not only more respectful—it's also more effective."

The most interesting example of how to identify focus areas I came across was the detailed ground-level stakeholders survey done by ITC (Exhibit 2 and 3). Also highlighted below are two other examples i.e. survey of employees and NGOs done by L&T and rural appraisal done by Ambuja Cement Foundation (Exhibit 4).

#### ■ Exhibit 2: ITC's ground-level stakeholders survey and CSR plan

##### ITC did a detail need-based assessment around its key stakeholders

To ensure that its interventions remain relevant to the needs and challenges faced by its stakeholders, ITC conducts a comprehensive ground-level need assessment survey approximately once in five years. The last such exercise was undertaken in FY16. In addition, ITC does a baseline study at the start of each new intervention/ entry into a new location.

The FY16 survey highlighted stakeholders' interest in improving their living standards and their children's progress (See ITC's detailed plan on CSR in Exhibit 3).

**The survey covered 116,000 HH from 103 clusters comprising 902 villages/wards, around ITC's core operational geographies — communities around the company's plants and agri-business areas.**

**The profile of the stakeholders covered was as follows:**

- ▶ 500,000 HH, 2.4 million population
- ▶ 1/3<sup>rd</sup> were poor
- ▶ 5% were headed by women
- ▶ 23% of population was Scheduled Caste/Scheduled Tribe
- ▶ 30% of population was < 14 years
- ▶ 25% of population between 14 and 25 years of age
- ▶ Farmers had fragmented landholding with average size of 1 hectare (ha)
- ▶ 60% were small and marginal farmers
- ▶ Arable area – 213,000 ha of which 60% was rain-fed agriculture

Baseline study done, the team finalizes an annual plan in consultation with programme-implementing agencies (NGOs) and the community-based institutions, the criteria being the company's focus areas, the catchment's emerging needs and funds available. Additionally, for a business perspective on the social issues, ITC annually consults the relevant business managers in the project locations.

These plans have to be cleared by the Management Committee of the Social Investments Programmes, Corporate Management Committee, CSR/Sustainability Board Committee and the board, in that order.

Generally, the company starts with fewer interventions and layers more on top or extends them to surrounding geographies as it reaches saturation levels across key initiatives.

Source: Companies

**■ Exhibit 3: ITC’s 2-Horizon Approach to solving Development Challenges**

The needs assessment highlighted (in Exhibit 2 on page7) multiple but inter-related development challenges faced by stakeholders. Based on the survey results, ITC selected its areas of focus going for an integrated approach to development.

Stakeholders challenges	2- Horizon Approach to solving Development Challenges		
	Approach	Objectives	Initiatives & Interventions
Poverty remains a challenge in the core areas, and is endemic to both rural and urban populations. Farming is mainstay of rural HH, which is dominated by small holder agriculture. More than half of agriculture in core area is rain-fed	Horizon 1: Making today’s dominant source(s) of livelihood sustainable	Enable the poor to manage and reduce risks in their current portfolio of economic activities	On-farm: Natural resource management & sustainable farm practices to strengthen agriculture  Off-farm: Create non-farm livelihood opportunities, especially for women
Stunted growth and infant and maternal mortality are cause for concern in some states Off-farm opportunities are circumscribed in the project areas Poor state of primary education	Horizon 2: Creating capabilities for tomorrow	Improve habitats to reduce morbidity and ensure a healthy community	Invest in social infrastructure
		Invest in education to enable young people to develop skills for gainful employment	Focus on quality learning in schools  Align skills training with market demand
<b>Further the company:</b> <ol style="list-style-type: none"> <li>1. Defined the desired outcome compared to the baseline</li> <li>2. Put in place specific interventions to be carried out over a 10-15 year period in order to achieve the desired goals (see Appendix 3)</li> <li>3. Monitors its programmes on regular basis - monthly, quarterly and annually across the management spectrum</li> <li>4. Does programs impact assessment once in 3-5 years</li> </ol>			

Source: Company

## ■ Exhibit 4: L&T spoke to employees, partners to identify sectors; Ambuja Cement does rural appraisal

### Larsen & Toubro (L&T) Employee and NGO survey

In 2017 L&T did an interactive process with 3,000 employees and NGOs that work with their communities/projects. This led to the company identifying a list of 120 interventions, which were discussed further with the top 100 employees through several workshops. After this the company arrived at shorter list of 10 focus areas. This was then narrowed down to four themes after individual meetings with executive committee/board members. This exercise led to water and sanitation being added to education and skills, till then the two focus areas for the company.

### Ambuja Cement (AC)

Before commencing any program with the community, AC through its Foundation does a participatory rural appraisal. All stakeholders are included in open discussions with the company through various forums where projects are planned and development initiatives reviewed. The community is involved not only before the project is designed but is engaged in the implementation and assessment as well.

Further, Ambuja Cement Foundation (ACF) conducts an annual exercise called The Social Engagement Scorecard (SES) which rates the CSR initiatives at each location. The SES is generated through detailed group discussions and interviews with the stakeholders. Inputs from this exercise are considered for future program planning to keep the process relevant and dynamic.

ACF has also formed advisory forums called Community Advisory Panel (CAP) at each location, which meets three times a year. This has representatives of community leaders, local administration, NGOs and the company. It is a platform to exchange information and views, listen to community concerns about AC's plant operations, take measure of CSR programs and decide on future projects.

*Source: Companies*

### Layered approach, a better option

Another tactic would be to follow a layered approach in introducing focus sectors to deliver better impact/outcome. A few companies have identified what they term as 'model villages' with the intention of providing comprehensive but layered solutions over the long-term. In the case of L&T these villages are not necessarily around their communities, while for the Birla group, it is so.

## ■ Exhibit 5: L&T and Birla's layered approach to implementing CSR program

### Larsen & Toubro

**L&T** runs multiple programs in communities around its operations, but also runs a separate Integrated Community Development (ICD) program in select geographies where it follows a layered approach rather than start out in multiple issue areas.

Launched in FY15, the ICD program tackles the shortage of water and associated problems. It identifies geographies that have a significant water problem and the entry strategy around these geographies is around drinking water and sanitation, followed by agriculture. This program works with farmers to improve the water table, provide fresh water to crops and implement modern farming methods. Gradually it is extended one/two projects at a time to include health, education and skill development.

### Birla Group

**The Birla group's model villages** initiative has been running for the past 10 years. Of the 5,000 villages where the Group is engaged in welfare-driven projects, 300 villages have been chosen for transformation into model villages. The target is to make these villages self-reliant, moving them out of the "below the poverty line" status over a five-year time-frame.

Being implemented in phases, the project is targeting parameters like literacy level (target best national level), 100% employment, 100% children in schools – no drop-out till Class 10, complete electrification, complete immunization, pure and safe drinking water for all, 100% employment potential, no open-defecation, no migration for jobs. So far more than 90 villages in India's hinterland have already reached the level of model villages across group companies.

Source: Companies

### Join forces

An area worth exploring is working alongside other companies in the same region to derive maximum impact. As per the CSR law, companies can collaborate with other companies so long as they can report the details of the program separately. However, I came across very few examples of such corporate partnership. For example, Cipla and Ambuja Cement have their plants in the same area and run a joint skilling program. Apollo Tyres and Ambuja Cement run HIV prevention and education for truckers in and around their plants. In both these cases Ambuja Cement Foundation executes the program. There are likely to be more such examples where NGOs raise funds from multiple companies.

## B. The select few approach

There are a few companies that homed in on just two or three key issues and a deeper dive to find solutions, leading to better structuring of projects and sharper focus on outcomes. In this case companies first select the focus area/sector and then identify the regions they want to target.

## ■ Exhibit 6: Some companies have sharper focus on fewer issue areas

### Tech Mahindra

**Skilling (45% of group spend) and Education (46%)**

**Skilling:** Tech Mahindra runs skilling programmes across 12 different locations, working with children and youth from urban communities in India. The Foundation mandates that 10% of all its beneficiaries are persons with disabilities and 50% of its beneficiaries are women. The programmes are designed based on requirements of the communities. The Foundation identifies them both with the help of its own research team and external experts. In FY18, the Foundation worked with 35,000 youth.

**Education:** Here the company is focused on three key initiatives: (1) School Improvement programmes, in partnership with local governments and partner organizations (2) Teacher training for government school teachers (3) Infrastructure support to Mahindra Ecole Centrale Engineering college in Hyderabad.

## ■ Exhibit 6: Some companies have sharper focus on fewer issue areas (contd)

### **Cipla** **Palliative care and Healthcare (72%)**

Nearly 72% of Cipla's CSR spend is focused on providing healthcare services to the low-income groups.

This includes:

- (1) A palliative care centre in Pune which provides physical, social, psychological and spiritual counselling to patients suffering from life-threatening diseases through outpatient services, in-patient care and home care
- (2) Training in nursing assistance, homecare, palliative care provided by the Centre
- (3) Tie-up with NGOs in palliative care including home care and paediatric palliative care
- (4) Around communities — doorstep health services, maternal health services, disability detection, treatment and management, etc

### **ICICI Group** **Skilling (50% of group's spend)**

ICICI group through its Foundation is focused on sustainable livelihoods through skill development with a practical orientation. This includes skilling youth for wage employment, primarily concentrated in urban areas, as well as upskilling/multi-skilling villagers in locally relevant skills. ICICI Foundation has tied up with: (1) Ten knowledge partners who are industry leaders and train the mentor-trainers and (2) With corporates/industry participants to place these youths.

Under its rural initiative, the foundation: (1) works on improving the skills of villagers in their choice of livelihood and facilitates market linkage so that the earnings are sustainable. Additional skills are also imparted to diversify their earnings. (2) runs rural self-employment institutes for training in skills appropriate to the local area. These programmes are run in consultation with village Panchayat and government functionaries.

The group invests over Rs1billion through the foundation in this area, which is close to 50% of the group's total CSR expense.

### **Maruti** **Skilling (33%), Road Safety (31%), Community Development (34%)**

Maruti is focusing on a few CSR programs rather than spreading resources thin over several projects. Key areas of focus under CSR are skill development (33% of CSR spent), road safety (31%) and community development which is primarily around its manufacturing facilities (34%). Within community development initiatives the company plans to develop 26 project villages in a specified time-frame as per its 'Village Development Plan' centred on water, sanitation, health and education.

Source: Companies

## **C) Group CSR a blend of community, company interests**

In case of large groups, the focus areas are generally a blend of the above two. Individual companies spend 25-50% of CSR funds around their community or the focus areas they want to fund, while the balance is transferred to the foundation that is generally focused on a more limited number of issues and driven by the group/promoter/CEO's vision.

### ■ Exhibit 7: Larger groups may follow a blended approach

<b>Vedanta Group</b>	At the Vedanta group, there are 12 business units across multiple companies and geographies. Each business unit adheres to the overall Group CSR policy and framework. However, there may be variations in actual programs depending on local priorities. The group CSR provides policies, guidelines and uniform governance structure across the 12 units. In addition, the Group also has its leading flagship program called Nandghar (working with anganwadi) which runs in multiple geographies. Between 70% and 80% of the spend is on the community around the facilities of each unit.
<b>Mahindra Group</b>	The Mahindra group has identified some key themes including education (with girl child focus), health and environment. Group companies have to spend 1% of their CSR funds on these areas and the rest can be spent on local issues or as decided by the company management/board.
<b>ICICI Group</b>	For the ICICI group, skilling is the priority cause. ICICI Bank contributes around 30%, ICICI Prudential Life and ICICI Lombard General Insurance 75% each of their CSR spends towards group CSR initiatives.

Source: Companies

## II. Capitalize on knowledge base, work with linked communities

Companies appear to be most effective at delivering social change if they capitalize on their industry knowledge while delivering on their social responsibility. For example, ITC runs multiple programs with rural communities and farmers, M&M and Maruti road safety projects, M&M programs to increase farm income, Nestle nutrition.

The best options for companies would have been to distribute their own products to those who need it but cannot afford to buy. However, the law says activities undertaken by the company in pursuance of its normal course of business will not be considered CSR. Companies have therefore avoided direct use of products/services to meet CSR requirements. Based on my discussion with experts, I understand that companies can distribute their products or services for CSR if it is at cost, is clearly demarcated, is not distributed as freebies (for promotion), does not make profit for the company. In case of any doubts, companies can also get the value of such products and services assessed by a third party.

### ■ Exhibit 8: Industry knowledge adds value

<b>ITC</b>	<p><b>Multiple programmes linked to farmers</b> — Several of ITC's products, not just its agri-business, are critically dependent on agricultural supply chains. ITC therefore works closely with the farming community through multiple programs that help them improve their productivity, take informed decisions, earn better revenues and generate livelihood even though these farmers are not obliged to sell to the company.</p> <p>These programs include social forestry, real-time information sharing on weather forecasts and market prices, capacity-building with improved practices and technologies, soil and moisture conservation and livestock development.</p>
<b>Maruti Suzuki</b>	<p><b>Skilling</b> — (1) supporting quality driver training infrastructure, training of driving instructors, training programs for drivers (2) setting up Automobile Skill Enhancement Centres (ASEC) across 15 government-run ITIs to train youth in automobile-related jobs (3) Japan India Institute for Manufacturing offering courses in automobile manufacturing, maintenance and services.</p> <p><b>Road Safety:</b> National-level campaign on safety, such as promoting seat belt usage.</p>

### ■ Exhibit 8: Industry knowledge adds value (contd)

<p><b>Nestle India</b></p>	<p><b>Nutrition, wellness and health focused on children</b>          Launched in 2009, the Nestlé Healthy Kids Programme aims to improve the nutrition, health and wellness awareness of school-age adolescents. The programme is conducted in village schools around the company’s factories. It covers good nutritional and cooking practices, good hygiene and physical fitness. In addition, the company tied up with children’s charity Magic Bus and designed a program whereby adolescents receive nutrition and health knowledge and are encouraged to play regularly.</p> <p><b>Improving nutrition and health at key life stages – adolescence to caregivers</b>          Project Jagriti, which is run in partnership with the Mamta Health Institute for Mother and Child, provides education programmes and encourages community support for good nutrition and feeding/breastfeeding practices, improving nutrition and health at key life stages from adolescence to caregiver.</p>
<p><b>Mahindra and Mahindra</b></p>	<p><b>Auto division - Road safety</b>          M&amp;M partnered with SaveLIFE Foundation and Maharashtra State Road Development Corporation Ltd (MSRDC) to create India’s first Zero-Fatality Corridor on the 94 km Mumbai-Pune Expressway through interventions in 4Es — Engineering, Enforcement, Education and Emergency Response. So far, this project has helped reduce fatalities by 30% and the target is zero fatalities by 2021.</p> <p><b>Tractor division - Agri/Rural economy</b>          Launched in 2014, the Integrated Watershed Management Program in partnership with the government of Madhya Pradesh and National Bank for Agriculture and Rural Development (NABARD) is concerned with water conservation, soil conservation and irrigation. The target is to increase the water table by two metres in 83 villages by 2022 to increase agricultural productivity and improve living standards.</p> <p><b>Wardha Farmer Family Project:</b> Launched in 2015 to support small and marginal farmers, this program aims to provide comprehensive solutions by training them in farming practices, expanding their knowledge of soil health and crop planning and creating model farms. The target is to double income of farmers in 79 villages by 2022.</p>

Source: Companies

### III. Board should determine companies’ CSR initiatives

In many groups/companies, the process of defining a social development agenda appears ad hoc. It is not clear of how and why a cause was selected for intervention, if it has any strategic/cultural fit with the company and who on the board/among senior management is responsible for the selection of the focus area. In case of the Bill and Melinda Gates Foundation, or in India the Narottam Sekhsaria Foundation and Azim Premji Foundation’s promoters’ personal passion/visions are carried out through individual philanthropic organizations floated for this purpose. A board-driven strategy that connects CSR with the company’s key stakeholders and their vision will likely find broader acceptance from shareholders, business heads and employees of the company.

## # 2: PLAN LONG-TERM

While companies plan for their business growth long-term i.e., around five years or more, CSR planning is generally not done in a similar way. In most cases the CSR spending is at best a medium-term exercise — three years with annual budgeting and outlays.

Companies that run successful CSR plans clearly identify and define the goal/impact they are trying to achieve — whether it is increasing income, eradicating an illness, reducing poverty levels, decreasing the number of accidents or improving learning levels — and then work on a detailed plan of action to achieve the same. While the modalities of the delivery could change over time, having a clear objective in mind will enable companies to plan their program long-term.

This is particularly relevant in the social space, where problems are generally complex, and change is slow to come. Once the company has identified its focus areas and geographies, it is important to detail the long-term plan and objectives. The 5-10-year plan can be divided into stages, with goals to be achieved in a phased manner of say one, three and five years.

This is another good reason to pick and choose causes and locations to support, as it enables more structured planning. This does not mean that companies cannot change course or iterate — which should be the case and will be possible with good planning, monitoring and impact assessment built into the CSR plan. This is an area most in need of CEOs'/board's attention. The best example I found of this is ITC – Exhibit 10 outcome indicators and Appendix 3 on page 29 targets to be achieved by 2030.

### ■ Exhibit 9: Examples of long-term planning by companies

<b>Mahindra &amp; Mahindra</b>	At M&M the group has defined the impact it wants to achieve under each of its flagship programs — increase water table by two meters, double farm income (Wardha project) by 2022 and make the Mumbai-Pune Expressway a zero-fatality route by 2021. These programs were started in 2014 and 2015 with clear program design and targets to be achieved over a 7-8 years.
<b>HUL</b>	Formed in 2010, the Hindustan Unilever Foundation laid down the following goals for 2020: (1) Water conservation potential of 500 billion litres (2) employment of more than one million person-days (3) annual additional agricultural production of 0.1 million tonnes on a cumulative basis.

Source: Companies

### ■ Exhibit 10: ITC's Outcome Indicators for "Adarsh"

Outcomes for "Adarsh" Habitation	Indicator	Benchmark
Sustainable agriculture	Soil organic carbon (SOC)	0.75 – 1 %
Water security	Ground water recharge	From "semi-critical"/"critical"/"over-exploited" to "safe" category
Fuel & fodder security	Area under biomass (forest or tree cover)	33% of total geographical area
Women economic empowerment	Financial and social inclusion of women	100%
Universal primary education	Enrolment	All
	Drop-out	Mean years of schooling – 7
Improvement in health status	Maternal Mortality Ratio (MMR)	National SDG goal – 109*

Source: Company

## # 3: FOCUS ON SCALABLE MODELS

Few companies want to work directly with the government – access and communication are not easy, the bureaucrats concerned change frequently, and there are political parties to contend with. However, the best examples of scalable projects are ones where organizations work with the government. This is reflected in the work done by philanthropic organizations like Bill and Melinda Gates Foundation (TB eradication in UP), Michael and Susan Dell Foundation (education reform in Rajasthan, Haryana, AP). Read a detailed report on scalable models published by Pritha Venkatachalam, Niloufer Memon and Donald Yeh in their report **Bold Philanthropy in India**.

Note that the CSR law does not permit corporates to fund resource gaps in government schemes. Some of the above programs (through individual philanthropy) work directly to fill the gap. However, companies can complement or supplement the work being done by the government. Some examples of programs that I came across conducted by Indian companies along with the government are given below:

### ■ Exhibit 11: Companies that innovate or work with government are managing to deliver on scale

<p><b>Godrej Consumer Products Ltd</b> Elimination of vector-borne endemic diseases</p>	<p>The project was first launched in two districts of Madhya Pradesh. The company mapped MP to identify districts with extensive malaria and where Godrej's product (mosquito repellent) penetration was low. It then assessed the need for communication. Later, the company scaled up this program to cover seven more districts and is now extending it to Chhattisgarh. Godrej is now training government employees in communication. The program has helped address 45% of the malaria burden in Madhya Pradesh across nine districts, 1,250 villages, 700,000 households, and 3.5 million people.</p>
<p><b>ITC</b> Watershed partnerships</p>	<p>Under this program, ITC works on various interventions such as building micro water harvesting structures to store water, taking measures to reduce soil erosion, and such. The program is executed with the help of NGOs, academic/technical institutes, state government and water users' groups formed for this purpose, covering close to 968,400 acres of land so far. The company has tied up with NABARD and the state governments of Andhra Pradesh, Madhya Pradesh, Rajasthan and Maharashtra where it targets covering 509,663 acres of land, of which 45% of the work was completed in FY18.</p>
<p><b>Nestle India</b> Healthy Kids</p>	<p>Under the Nestlé Healthy Kids Programme the company has been working with six leading regional universities through the Department of Home Science and Food Science. The program was first initiated in 2009. These universities help Nestle identify target schools in villages, collect information on local food habits and nutrition status of the region and develop programme content jointly with Nestlé India nutritionists. Fellows from these universities then train children for two hours every week for a total of 12 hours using the material provided by Nestle. The Healthy Kids program in partnership with universities and Magic Bus has reached out to over 280,000 adolescents across 22 states of India.</p>
<p><b>ITC</b> e-Choupal</p>	<p>With some innovation, companies can also scale up without government involvement. A case in point is the ITC e-Choupal initiative. Launched in June 2000, ITC e-Choupal is amongst the largest internet-based interventions in rural India. Under this program ITC provides village internet kiosks managed by lead farmers facilitating real-time information on weather forecasts, market prices, customized knowledge of scientific farm practices, risk management, availability of quality farm inputs and price discovery of farm produce. The objective is to ensure higher quality and productivity and align farm output with market demand. Farmers are free to not sell to ITC. e-Choupal reaches out to more than four million farmers in over 35,000 villages through 6,100 kiosks spread across 10 states. ITC has several other programs where it has demonstrated and delivered solutions on scale, such as social forestry and sustainable agriculture (See ITC's sustainability report 2018).</p>

Source: Companies

## # 4: INVOLVE COMMUNITIES FOR SUSTAINABILITY

For CSR to be effective and sustainable, companies try and involve local communities/Panchayats to participate/contribute both in financial and non-financial terms.

### ■ Exhibit 12: Communities can make financial, non-financial contribution to projects

<b>ITC</b>	All of <b>ITC's</b> Social Investments programs are run in participation with community-based organizations. They are formed for the project and supported by training and capacity building. ITC has formed 8,189 such grassroots institutions, which between them have 139,951 members and a corpus fund of Rs 117.6 million.
<b>HDFC Bank's</b>	<b>HDFC Bank's</b> rural projects are designed to get contribution from government and community. This could be cash or kind – labour, 10-15% financial contribution from government, and minimum 10-15% from community, while 70% comes from the bank.
<b>Ambuja Cement Foundation</b>	<b>Ambuja Cement Foundation</b> works closely with the community, government and local institutions across its projects. One such project is in Kodinar, Gujarat, where ACF has worked for over 18 years to mitigate coastal salinity, pushing the salinity ingress line by about 8 km. The company has constructed hundreds of check-dams, canals, and ponds and has participated in interlinking rivers to create a fresh water buffer requiring the intense involvement of community and local government. ACF convinced farmers to let structures pass through their lands, organised them into water users' committees, helped with capacity- and awareness-building, leading to change of cropping patterns (sugarcane to mango), enabling ground water recharge, more productivity and eventually, sustainability.

Source: Companies

### ■ Exhibit 13: ITC has formed multiple grassroots institutions that are funded by the community

Intervention	Institution	Nos.	Members	Corpus Fund (Rs mn)
Watershed	Water User Groups (WUGs)	2,488	45,484	11.4
Social Forestry	VanikaranSanghas (VSs)	1,783	43,013	18.3
Agriculture	Agri-Business Centres (ABCs)	381	11,764	18.7
Women	Self Help Groups (SHGs)	3,186	37,584	69.2
Education	School Management Committees (SMC)	351	2,106	
<b>Total</b>		<b>8,189</b>	<b>1,39,951</b>	<b>117.6</b>

Source: Company

## # 5: CORPORATIZE EXECUTION

Companies execute their CSR projects through:

- ▶ Not-for-profit partners who have a track record of three years and company having done the due diligence
- ▶ Section 8 company, or foundation floated by the company for this purpose
- ▶ Directly by the company
- ▶ A mix of the above

### Hire professionals irrespective of the execution model

Most companies now have a separate team handling CSR activity and have hired social sector experts. Such hiring can bring in a depth of knowledge and establish trust and relationship with the community. But this resource should be combined with a corporate representative who can align it with the organization's culture, bring in rigor, discipline in planning and focus on impact. Domain knowledge is equally important while resolving social problems and some like Nestle have a mix of social sector and subject knowledge experts – a qualified nutritionist is involved in most of its programs.

Organizations should proactively build capacity and train corporate employees so that they can better understand the social issues and ground reality and are patient in dealing with the problem (not just look at this quarter on quarter). Simultaneously corporates should also train those they hire from the social space so that they can bring in efficiency, scale, rigor, innovation and discipline of normal investing to CSR.

The size of the team would depend on the number of focus areas, geographies, whether it's being executed through its own team or NGOs or a mix of the two. For companies with large CSR outlays, a mix would be the bare minimum requirement for effective planning and execution.

### Involving NGOs

NGOs are an important partner in companies' CSR strategy. However, it is worth considering the following while dealing with NGOs.

#### Effective coordination with multiple NGOs in same location

NGOs generally are good at executing projects in some areas of expertise. Companies working with communities on several issue areas may have to face the challenge of getting multiple NGOs onboard with different sector focus/expertise. In general, one NGO has good relations with the village panchayat/local community and is key in driving change. To deal with this issue companies could explore the option of having their own teams work alongside the NGOs to provide oversight on the project. Alternatively, the responsibility of executing the program could rest with one NGO who is appointed as lead NGO and facilitates the process.

#### ■ Exhibit 14: Coordinating with NGOs

HZL	ITC
<p><b>HZL</b> implements its programs in partnership with NGOs that have domain and subject matter expertise. To ensure coordination, cooperation and smooth execution of the program, the CSR team of HZL does regular field visits, and organizes a monthly Project Steering Committee meeting which is attended by the CSR team and NGOs.</p> <p>Additionally, HZL CSR team works on a matrix system, with each team member taking responsibility for all programs in their assigned geography, while championing one thematic program across all locations. This not only ensures a strong working collaboration with the partners, but also builds the team's own expertise in project management and subject understanding.</p>	<p><b>ITC</b> works with NGOs that have both thematic expertise and grassroots knowledge. In most thematic interventions, there is more than one strong partner in place to ensure that there is no risk to the project in case of an untimely closure of the partnership.</p> <p>Given the several areas ITC works on with the community, it does involve many NGOs within the same geographies. The company defines the outcome across each individual NGO separately to avoid confusion. Additionally, ITC's own team on ground works with these NGOs to avoid any confrontation.</p>

Source: Companies

## Consider fewer NGOs

Many companies' CSR teams deal with a large number of NGOs ranging between 80 and 300 with limited bandwidth. The general complaint that I heard is about their limited ability and the lack of trust in their capability to execute large projects. However, it would be difficult for companies' to strategize long-term if they work with a large number of NGOs on several themes/focus areas. Some companies are conscious of this problem and limit issues, geographies and NGOs at a time. M&M, for instance, indicates that they work with around 15 NGOs at most at a time.

It is understandable that companies may not always be able to work with fewer NGOs when their work is spread across several locations. In that case it is worth exploring the option of working in fewer places and intensifying the work being done there. Alternatively, work on fewer themes which could make it easier to build strong internal systems and processes that can be replicated with multiple NGOs. An example of this is Tech Mahindra.

### ■ Exhibit 15: Companies need to implement strong processes and systems while working with multiple NGOs

#### Tech Mahindra Foundation (TMF) Builds strong MIS, curriculum in skilling

Tech Mahindra Foundation spends 65% of its funds on skilling. (Tech Mahindra allocates 72% of its CSR funds to TMF).

The Foundation works with nearly 116 NGOs. To manage these multiple organizations, it had to build strong processes and systems.

It took three years to build a strong data-driven MIS system that could capture all the relevant personal information of the candidate, their family details, details of their training, employment and retention.

While information on the project is provided by the partner, monitoring is done by TMF's internal team, which cross-verifies the data by making individual calls to each beneficiary.

Project goal and planning is done for three years ahead. The Foundation shares its standard operating procedures that are well-defined with the partners. Simultaneously, there are standard operating procedures laid out for internal assessment and for doing due diligence of the partners.

TMF provides classroom curriculum, trains teachers and provides assessment framework to the partner organizations. They work with the NGOs to build capacity so that key requirements relating to mobilization, selection, training, certification, placement and post-placement monitoring systems are in place before the project is launched.

At regular intervals, TMF reviews and evaluates all its partners and eliminates the inefficient ones. Around 15 partners were phased out in the last year.

Source: Companies

## Build long-term strategies with NGOs, help them grow

There are two types of organizations: (1) Primarily fund programs designed by an NGO. These relationships are generally short-term in nature with maximum 1-3 years of funding. (2) Work long-term on a clearly defined program which is launched jointly, or company works with the partner to modify /change/enhance their program.

As mentioned by ITC in its sustainability report FY2018: "Whilst the agreements are renewed annually, the partnerships tend to be long-term, enabling a deep understanding of the contextual realities and ITC's systems & processes by the partners, thus leading to effective delivery of desired outcomes."

Frequent change in NGOs working on projects could lead to ineffective delivery on ground, not to mention that a huge amount of time would be wasted in re-training NGOs. Be aware that this would be key to companies achieving long-term CSR objectives. It is also difficult for an NGO to plan long-term and be effective unless it knows that funds will be available. Corporates also need to balance the need for short-term data v/s micro-managing NGOs. Of course, the basic assumption here is that the NGO does deliver on the plan and program.

### ■ Exhibit 16: Building long-term strategies with partners, helping them grow

<b>Nestle India</b>	<b>Nestle India</b> tied-up with Magic Bus in December 2014 to incorporate a nutritional awareness program alongside Magic Bus' Sports for Development program. This is to encourage children to play regularly while learning about nutrition and health.
<b>Hero MotoCorp</b>	<b>Hero MotoCorp</b> conducts a one-day Partners' Meet with NGO partners every year. This includes panel discussions, sharing of ideas, discussions on each NGO's projects positive/negatives and seeking feedback from participants and coordinating efforts.

Source: Companies

#### Help them grow

Social problems take long to resolve, and a strong/well-established partner can help corporates achieve this objective. Most NGOs are started by an individual and don't manage to build a strong organization structure/institutional capacity, second-line management team/leaders who can continue the good work. NGOs thus need help with not only funding the project cost, but in also attracting and retaining talent. That is possible only if companies are willing to help NGOs build leadership, i.e., fund talent, mentoring cost and professional-development cost.

#### Ensuring NGOs' credibility

A key question most corporates struggle with while considering NGOs is their credibility. In most cases companies are doing internal/external audits of their NGO partners' specific programs. A few examples of what large companies are doing while identifying these NGOs/working with them is given below.

### ■ Exhibit 17: Some ways to check NGOs credibility

<b>HDFC Bank</b>	<b>HDFC Bank</b> does a CIBIL check of board members of the NGOs they work with.
<b>Nestle</b>	After 2014, <b>Nestle's</b> Healthy Kids and Project Jagriti programs' process and contract assessment, including verifying the financial before contract is signed, was carried out by one of the Big Four.

Source: Companies

## Large corporates have floated own Foundation/Sec 8 companies

Most large companies have set up charitable trusts/foundations to sharpen focus on the social space and enhance expertise both at board- and organization-level by hiring talent. Companies with a large and growing CSR pool could consider executing projects through a Foundation/Section 8 company structure. Besides bringing in the necessary focus and expertise, the Foundation can also build a corpus for rainy day - something that cannot be done by a company under their CSR spend. An argument against this is that it is not essential for the company to create a corpus as CSR spend requirement is based on the average of the previous three years of profit.

### ■ Exhibit 18: Examples of structures being adopted by companies

#### ICICI Group

Companies in the group contribute 30-75% of their CSR spend to ICICI Foundation that has significant focus on skilling, while the rest of the funds are used by the group companies to service their specific industry /local community needs.

The group companies use the balance funds to drive initiatives of interest to the company. ICICI Lombard General Insurance spends on preventive healthcare, road safety and disaster support. A chunk of ICICI Bank's CSR spent is on rural development including digital payment ecosystems, financial inclusion and facilitating market linkages for villagers.

#### HUL

**HUL** follows a dual structure and carries out CSR activities both directly and through a foundation. Activities carried out directly include:

(1) improving health and well-being through handwashing behavior change, promoting good health and hygiene practices through intensive campaign, community involvement, curriculum for Classes 1-5 for students under village transformation mission, and training masons to build toilets

(2) improving livelihood opportunities for women in rural India through training for familiarization of HUL's products, coaching in softer skills of negotiation and communication enabling them to run their business effectively

In addition to the above two key initiatives, the company has identified water conservation as a focus area. This activity is carried out through HUL Foundation which was floated in 2010 for this purpose. Under the water conservation program, HUL foundation works with local community institutions to empower them to govern water resources and enhance farm-based livelihoods through judicious water practices. Close to 27% of HUL's CSR spent in FY18 was through the foundation.

#### Ambuja Cement, Maruti and HCL

Multiple other companies such as Ambuja Cement, Maruti and HCL carry out their CSR activities through their foundations, directly or through partner organizations.

#### Bajaj Group

**Bajaj** Group has a common CSR team (not a foundation) across nine companies. Based on the individual company's focus in the group, this CSR team helps them invest in projects through NGOs.

Source: Companies

## Questions boards, management should consider

**Large team sizes:** In a few cases I did come across Foundations which had large team sizes (480-700) as they were executing projects directly. This is not a normal business activity of the company, so it is worth thinking how much of the CSR activities should be outsourced to experts (NGOs) and how much the company should do directly or through its Foundation. A sharper strategy that is focused on fewer issues and geographies may be better delivered with smaller and more manageable team sizes with external support.

For example, Maruti Foundation spent Rs1,250 million on CSR in FY18 and has a team of around 40 members that carries out CSR activities directly and with partner organizations. The team is leaner than in most other Foundations, likely because the focus is on a select few CSR programs. Its community-related work is also in just 26 villages and is sharply focused on areas such as education, water, sanitation and community infrastructure.

**Should Foundations raise funds from other firms?** In a few cases, Foundations were started to execute company/group CSR initiatives, but now have expanded to taking funds from external sources. Are funds being raised to meet goals in core social issues and geographies or have the causes moved beyond these areas? Boards should explore how this fit with companies' core strategy and CSR strategy and the bandwidth demand on management.

## # 6: STRINGENT MONITORING, IMPACT ASSESSMENT

One of the key reasons for the government to make CSR spend mandatory was the belief that corporates can be more effective at resolving social problems. The expectation was that companies will be more structured and efficient in executing and monitoring their CSR projects. Sadly, CSR spend has not had as much impact as was envisaged by the government. While this is not the usual business on which companies will earn a return, it is important to focus on the eventual impact their programs are having. Recently, companies have sharpened their focus on getting some of their major projects assessed for effectiveness. Some of them are putting a more comprehensive design of program and monitoring system in place.

### Monitoring program in a structured manner

Few companies/social sector organizations are structured in their approach in monitoring programs. Organization would benefit by tracking whether activities are being implemented according to plan, have clearly defined what they want to measure, what data they need to collect, how often it should be measured, who within the team will measure. Data collected is being analyzed to understand the short-comings, identify changes that need to be carried out and iterate on the program design and implementation. Monitoring has to be done consistently, and for that companies need to establish processes and systems by clearly defining outputs and outcomes and use technology tools to track this data. Companies/NGOs can explore the option of using technology platforms/apps that can make it easier to capture information from the ground up.

### Assess impact at specified intervals, end of program

Interestingly, very few companies I met spoke about the budget earmarked for impact assessment. Given the amount being spent, it is important to know whether the program is having any impact. This will help the company modify the program to make it more impactful. One of the common reasons mentioned was that impact assessment is expensive and that the management is satisfied with internal assessment.

However, impact assessment does not add to the company's cost, it can be a part of the project cost and an independent evaluation at a specified interval will provide a better picture to the board than their own team's assessment, which can be biased. Companies could consider making this a part of the cost structure and carry out impact assessment once in 3-5 years and or at project completion. Most large NGOs that receive funding from multiple organizations include this in their strategy.

### ■ Exhibit 19: Monitoring, assessing program effectiveness

<b>Ambuja Cement Foundation</b>	Has put in place a proper process for documentation and research of their key programs and detailed monitoring parameters that focus on quantitative and qualitative data, input, output and outcomes. Employees across the foundation are trained to follow this process. ACF also does impact assessment across thematic areas for projects at maturity. It has hired external consultants to conduct a Social Return on Investment study on its Watershed Development Program across multiple geographies (one of the priority areas). It conducts placement verification study for each Skill and Entrepreneurship Development Institute program once it completes three years of operations. This is to ensure that students are not only skilled but are gainfully employed.
<b>Nestle India</b>	For both its flagship program Nestle Healthy Kids and Project Jagriti, Nestle conducts base-line, mid-line and end-line assessments and iterates based on the assessment results. Before the program launch, the company/ NGO partner also conducts local surveys and modifies programs to achieve better results.
<b>Godrej</b>	To ensure effectiveness and iterate based on results, Godrej had carried out a 2.5-year longitudinal study on its skilling program with the help of an external agency. The company also carries out SROI assessment for all its programs as they mature once in around 2-3 years.
<b>M&amp;M</b>	Ten per cent of the budget is allocated for assessment. All projects follow the process of base-line, mid-line and end-line assessment.

■ **Exhibit 19: Monitoring, assessing program effectiveness (contd)**

<p><b>Vedanta Group</b></p>	<p>In FY19, the <b>Vedanta group</b> commissioned an external agency to work with the CSR teams to outline the theory of change behind the different CSR initiatives. The indicators that emerged have been used to develop a uniform Monitoring &amp; Evaluation framework across the group. Once in three years, the group also conducts an impact assessment across all the BUs. Additionally, concurrent impact assessment is built into most of their CSR programs after completion of the project period.</p>
<p><b>HUL</b></p>	<p>Under the water conservation program, the company measures and tracks impact annually across three clearly defined categories:</p> <ul style="list-style-type: none"> <li>(1) Water Security: Availability of water, water usage efficiency, ground water recharge</li> <li>(2) Benefits to communities: Labour days generated, farm production, enhanced income and well-being</li> <li>(3) Governance: institutions, knowledge systems, social equity.</li> </ul>
<p><b>Hero Motocorp</b></p>	<p>All CSR programmes go through comprehensive third-party evaluations annually to measure progress, assess if the project is meeting its objectives, identify challenges and iterate. In addition, in FY18 the company conducted an SROI study across all its projects as it had completed nearly three years of CSR investment.</p>
<p><b>Tech Mahindra</b></p>	<p>An external agency had conducted an SROI study in FY15 on Tech Mahindra Foundation's skilling programme. The Foundation plans to repeat the assessment exercise again in FY20. Additionally, the Foundation is in the process of conducting another study in three locations to understand the impact that its skilling and education programmes have had.</p>

Source: Companies

## # 7: EMPLOYEE SOCIAL OPTION

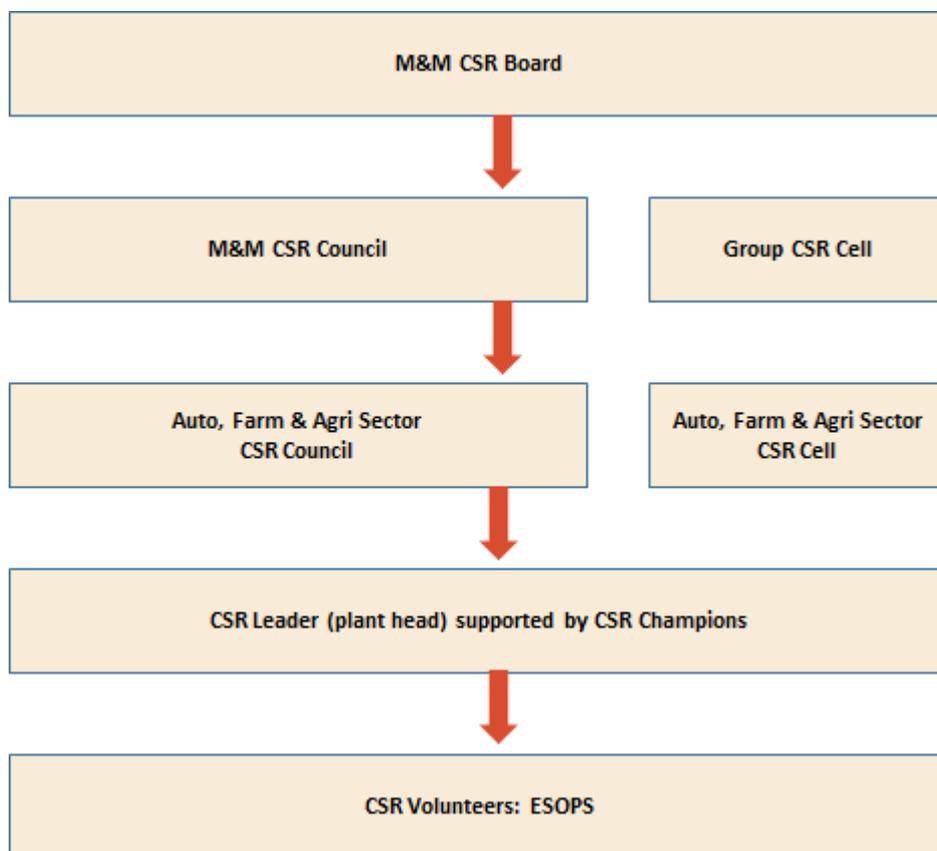
Employee volunteering time is not considered CSR under Indian law, but is a part of many companies' agenda. However, it is not a priority. Employees can be a great asset in delivering change — and research shows that employees are attracted and build long-term careers with organizations whose values align with their own. The best example of employee volunteering culture I came across was at M&M, where engagement with employees starts at the top. A few key takeaways from my interviews are as follows:

- ▶ The four reasons I heard for lack of push to employee volunteering are:
  - (1) We are a large organization, which makes it difficult to conduct a volunteering program
  - (2) Difficult to get factory workers involved in CSR activities
  - (3) We don't want to force employees into participating, and this is not linked to KRAs/reviews
  - (4) Volunteering has to be done on own time, not on company time
- ▶ Most volunteering happens in the form of non-financial employee participation. Only a few companies encourage financial donation/contribution from employees.
- ▶ Common forms volunteering programs take: Planting trees, blood donations and community work closer to factories/plants
- ▶ In most cases only 20% to 25% of employees participate in volunteering exercises.

### One of the best volunteering programs is run by M&M

*"Fostering inclusive development is at the heart of everything we do at Mahindra. While we ensure that our people progress with us, we also expect our employees to contribute in creating meaningful impact in the communities we serve."* – Anand Mahindra

#### ■ Exhibit 20: M&M CSR organization structure – involving employees across divisions/plants



Source: M&M

**■ Exhibit 21: Mahindra Employee Social Option Program****At Mahindra the importance of social focus starts from the top**

*“At Mahindra, CSR means not just sharing of wealth, but of our time and of ourselves.” – Anand Mahindra.*

Mahindra launched its employee volunteering program in 2005, terming this as the Employee Social Option.

Volunteering programs are planned in consultation with plant heads so that the maximum number of employees can participate. In FY18 nearly 20,000 (around 50% of employee base) participated in volunteering programs, accounting for 148,000 hours. The company set a target to take this number up to 25,000 employees and 1.5 lakh hours by FY19.

The company runs activities around its 13 plants in India, where employees participate in ideating programs to be implemented around their community.

While the CSR team at the centre supports all employee volunteering programs, M&M has 2-3 CSR champions across each plant/location. These champions help implement the programs with the help of experts.

In addition, the company runs a biannual podcast talking about the CSR activities, and an annual live chat between the head of CSR and employees to ask questions on the work they are doing. M&M also published its first CSR coffee table book in 2018.

What's more, M&M has even expanded the volunteering exercise to its auto dealers who too participate along with their families.

In addition to giving their time, 5,000 employees at the Chakan facility fund the Nanhi Kali program (supporting girls' education), a cause taken up by the KC Mahindra Foundation along with Naandi Foundation.

*Source: Companies*

A number of companies I met either had or were in the process of launching an employee volunteering calendar or portal to structure the process better. Of all the companies I met, only Tata Power had included volunteering as part of its KRA with a 5% weightage. Below are some interesting volunteering ideas which companies are implementing or considering.

■ **Exhibit 22: Volunteering programs being followed in few companies**

<b>JSW</b>	At JSW's Vijayanagar plant, different units compete to carry out CSR activities, which the units identify, fund and execute. At another of its plants in Palgarh, employees try and work alongside CSR teams to complement their work. The top management of the cement division encourages employees to spend 1-2 days a month on field as volunteers.
<b>Nestle India</b>	In addition to the employee volunteering program, Nestle recently started a program under which an employee can take a social sabbatical for four weeks. Volunteers work with NGOs for three weeks, and in the fourth week work on a report providing suggestions/recommendations on how to improvise the program. These programs are both internal CSR projects and external for which the company has tied up with other NGOs.
<b>HDFC Bank</b>	Has tied up with Give India to enable employees to donate. Employees choose the cause and NGOs they want to support, and funds are directly transferred from their salary.
<b>Maruti</b>	In addition to employee volunteering activities, new employees joining Maruti Suzuki volunteer in the community for one full day as part of the induction programme during business hours.
<b>Hero Motocorp</b>	Employees are encouraged to volunteer by allowing them two days of paid leave for formally participating in a volunteering program.
<b>Aditya Birla Group</b>	<p>In addition to getting a social audit done by external agencies, the Aditya Birla Group also seeks feedback from select employees on CSR projects under implementation. For this purpose, the top management has identified 48 members from its highly coveted Aditya Birla Group Leadership Programs (ABGLP), all of whom hail from the nation's premier management institutes.</p> <p>These employees work in pairs and spend 10 days studying select projects/villages and provide detailed feedback of how to improve these projects to the Unit Head of the project, along with the Group Head, CSR. They also submit a written report to the central CSR team. This exercise is carried out every year on different projects/villages where the company is working and is a crucial part of the first-year experience for all Group management trainees.</p>

Source: Companies

## APPENDIX 1: LIST OF CORPORATES AND CSR UNITS MET

### Names of Companies or Foundation interviewed

No	Company
1	Aditya Birla group (covers companies such as Ultratech Cement, Hindalco, Grasim)
2	Ambuja Cement Foundation
3	Axis Bank
4	Bajaj group CSR (Baja Auto, Bajaj Finserv, Bajaj Finance, Bajaj Holding, others)
5	Bharti Foundation
6	Cipla
7	Godrej
8	HCL Technology
9	HDFC Ltd
10	HDFC Bank
11	HDFC Standard Life
12	Hero Motocorp
13	Hindustan Unilever Foundation
14	Hindustan Zinc
15	ICICI Foundation (contribution from ICICI Bank, ICICI Prudential Life, ICICI Lombard General Insurance)
16	IndusInd Bank
17	ITC
18	Jindal Steel
19	JSW Steel
20	K C Mahindra Foundation (contribution from M&M, Tech Mahindra, M&M Finance)
21	Larsen & Toubro
22	Mahindra & Mahindra
23	Maruti Suzuki
24	Nestle
25	Reliance Foundation
26	Tata Power
27	TCS
28	Tech Mahindra Foundation
29	TVS Motors
30	Yes Bank

## APPENDIX 2: REGULATIONS: CSR MANDATORY SINCE FY2015

- ▶ Effective 1<sup>st</sup> April 2014, the Companies Act 2013 required Indian corporates meeting the following criteria — has net worth of Rs 5 billion or more, or turnover of Rs 10 billion or more or a net profit of Rs 50 million or more during a financial year — must spend at least 2% of their average net profits earned (profit before tax) during the immediately preceding financial years on CSR activities.
- ▶ Activities which may be included in the CSR policy by the companies are specified in Schedule VII of the Companies Act, 2013.
- ▶ If the company fails to spend such amount, the Board shall in its report specify the reasons for not spending the amount.
- ▶ These companies are required to constitute a CSR Committee of the Board of Directors consisting of three or more directors, and in case of listed companies, at least one of whom will be an independent director.
- ▶ The committee will: (1) formulate and recommend to the Board, a CSR policy which will indicate the activities to be undertaken by the company as specified in Schedule VII (2) recommend the amount of expenditure to be incurred on the activities in (1) above, and (3) monitor the CSR policy of the company from time to time. In short, the Board is both responsible and accountable for its CSR policy.
- ▶ The Board will approve this policy, disclose the contents in its report, place it on company's website and ensure compliance.
- ▶ The company shall give preference to the local area and areas around where it operates.
- ▶ CSR activities must be carried out for the larger public good and for any activity that serves public purpose and/or promotes the well-being of the people, with special attention to the needs of the underprivileged.
- ▶ Companies may 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 shall not exceed 5% of the total CSR expenditure of the company in one financial year. Later the review board has recommended that this amount be increased to 10%, which is yet to be implemented.
- ▶ The Act mandates that companies must implement the activities in project mode on its own, or through a third party, such as society, trust, foundation or Section 8 company that has an established record of at least three years in undertaking similar program or projects.
- ▶ These projects should be subjected to both monitoring and impact evaluation/assessment as an integral part of the project design.
- ▶ The following are not permitted as CSR: (1) Activities undertaken by the company in pursuance of its normal course of business (2) Duplication of activities, i.e., two corporates cannot work on the same project in the same area – unless the project spend is clearly demarcated.

## APPENDIX 3: ITC'S 2030 TARGETS

### Performance target 2030 for mission SunehraKal – CSR programmes

Objective	Initiatives	UoM	Target 2030	Achieved till 2017-18	Balance to Achieve	Timeline* (years)
<b>HORIZON 1 - SUSTAINABLE LIVELIHOODS TODAY</b>						
De-risk poor rural households by diversifying farm portfolios through the promotion of tree-based farming	Social Forestry	Acres	5,62,312	2,95,065	2,67,247	10
	Agro-forestry	Acres	2,34,910	1,01,939	1,32,972	10
Integrate diverse elements of the rural portfolio of initiatives into a Climate Smart Village approach	Sustainable Agriculture*	Acres	29,12,177	2,04,535	27,07,642	15
Ensure water security for all stakeholders through watershed development & managed aquifer recharge	Watershed Area	Acres	22,48,557	8,74,496	13,74,061	10
	Structures	Nos	27,299	12,440	14,859	10
	Storage Potential	Million KL	56.222	32.249	23.972	10
	Biodiversity Conservation	Acres	57,655	16,094	41,561	10
Actively promote non-farm livelihood opportunities to diversify income portfolios of poor households	Women Covered	Nos	1,50,014	61,106	88,909	13
<b>HORIZON 2- CREATING CAPABILITIES FOR TOMORROW</b>						
Ensure that every child in school and learning well through improvement in pedagogy and the learning environment	Children Covered	Nos	7,13,446	5,58,758	1,54,688	10
	Schools Covered	Nos	2,789	1,644	1,145	10
Align skills training to market demand to maximise employment of youth from our core areas	Youth Enrolled	Nos	2,82,060	55,324	2,26,736	15
Reduce morbidity, especially amongst women and children, by promoting a clean and healthy environment	Toilets Constructed	Nos	1,31,100	31,473	99,627	14
	SWM - Households Covered	Nos	2,60,176	98,038	1,62,138	15
<b>Note:</b> 1. Timeline from base year of 2016-17 2. 1 hectare = 2.47105 acres 3. Figures on sustainable agriculture area and SWM - households covered, pertains to FY 2017-18						

Source: Company

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