

SEMINAR ON CSR FOR SUSTAINABLE DEVELOPMENT

22 November 2005

10:00 am – 1:30 pm, 22 November 2005, Gulmohar Hall, India Habitat Centre, New Delhi, India

Organized by Centre for Media Studies (CMS) and GTZ-ASEM



Panelists

Mr. Arun Varma, *Fellow, LEAD,*

Ms. Harriet Nimmo, *Chief Executive, Wildscreen,*

Mr. Dinesh Agarwal, *General Manager, National Thermal Power Corporation
(NTPC)*

Mr. Sachin Joshi, *Senior Researcher, Centre for Social Markets (CSM)*

Mr. Niranjan Khatri, *General Manager, Welcomenviron Initiatives, ITC Hotels*



Background

Corporate Social Responsibility (CSR) is a concept used by corporates to voluntarily demonstrate their commitment towards a better society and a cleaner environment. Initiatives like employing physically challenged persons, undertaking plantation drives, building schools and hospitals, incorporating sustainable manufacturing operations are all instances of corporates executing their responsibility towards the society.

Though the primary objective of companies is monetary growth, corporates the world over are facing pressure from various stakeholders like employees, investors, consumers and other civil society groups to pay attention to environment friendly operations. In the interest of long term planning and growth they are themselves realizing that there is little alternative to integrating sustainable development planning in their corporate strategy.

Issues of environment friendly operations and sustainable development are yet to become an integral part of corporate planning. A close look at manufacturing operations often reveals rampant exploitation of natural resources. It is towards this concern that a seminar on CSR for sustainable development is being organized as a part of Vatavaran 2005 with support of GTZ-ASEM. The focus of the current seminar is to understand and deliberate upon corporate responsibility towards environment management and sustainable development.

Concepts in CSR and Environment Management

Green Productivity: Aims to enhance productivity and socio-economic development while ensuring environmental protection. It applies environmental, management tools, techniques and technology to reduce the impacts of business activities, goods and services on environment. This is a paradigm shift from environment as a cost to environment as an asset or opportunity for increasing efficiency and profitability.



Waste Reduction: Waste reduction and resource productivity generates more benefits to business as well as creates positive social and environmental impacts. By having appropriate management and operation processes, product design and customer services, companies can prevent waste from being generated in the first place. Appropriate waste reduction technology and methods also enhances business productivity, saves time, improves quality of products and reduces regulatory compliance burdens.

Forest Friendly Practices: Use of paper in offices, packaging of goods and construction materials accounts for 90 percent of wood used by companies. In response to concerns about protecting forests raised by government and civil society, companies are now changing the way they procure and use paper and other forest products. Companies have begun seeking out products that have a high percentage of recyclable content or which use alternative sources of fiber.

Supply Chain Management: Although green supply chain management is a new concept, but a growing number of companies realize that to achieve their environmental goals and satisfy stakeholders' expectations, they need to look beyond their own facilities and also involve their suppliers in environmental initiatives. Leading companies understand that customers and other stakeholders do not always differentiate between a company and its suppliers, and may hold the company accountable for suppliers' environmental and labor practices.

Environmental Governance: The important issue of environmental governance is the way societies deal with environmental problems. It concerns interactions among government and other stakeholders to identify strategies and alternatives to minimize impacts, solve problems and implement long term environment management plan. Environmental Governance highlights that environmental consideration should be a part of all development planning and decision making, from the outset of policy and program formulation to the



implementation of projects. Likewise, sustainable development should recognize the Transboundary impacts of environmental management decisions.

Decision-makers must be aware of both the environmental and social nature of these impacts. Lastly, basic legal and policy frameworks should provide the public with access to information and decision making concerning environmental degradation that affects their lives, and with equitable access to judicial recourse in the event of damages.

Purpose

The discussion addressed how business and sustainable development can be mutually beneficial, how environment friendly planning can be made an integral part of corporate strategy and how non-governmental organizations can assist corporates in developing and implementing such strategies.

Introductory Remarks

Dr. Rao in his welcome note spoke of corporate spending patterns in India questioning if they were justified. He further added that instead of ‘corporate social responsibility for sustainable development’ he preferred the session to be called ‘Win Win Opportunities’ as the attempt is to give benefits to both corporate and society.

He mentioned that money is being spent by corporates for various kinds of promotional activities. He expressed disappointment that though industries are promoting their products in terms of their priorities, they could do same thing in such a way that their credibility would go up with sales and social issues. He concluded his address with the introduction of all five panelists.

The seminar on CSR for Sustainable Development took off after the screening of a very poignant film, “Mindless Mining: The Tragedy of Kudremukh” by Shekar Dattatri

Presentations

A twelve minute film ‘Mindless Mining: The Tragedy of Kudremukh’ by Shekar Dattatri was screened. The director spoke about the issue of mining in Kudremukh national Park, the role of NGO’s in filing the petitions and the crucial role the film played in getting the Supreme Court to issue a notice against the company to stop mining operations by end of this year. He added that company had not taken any action to cease it and started a campaign against the NGOs and now 13 criminal cases were pending in four different courts of different districts of Karnataka against 18 individual including him for making film.

The audience was moved by the film and enquired about the current status of the project and how he had used media to get support. In response the filmmaker said that though initially the media had supported them, they were later bribed by the company to publish against the initiatives of the NGO’s and other protestors. For instances, New Indian Express carried continuous stories against NGO’s efforts and colored advertisement paid by Mining company to promote how many trees they have planted and how they are misleded by NGOs and court.



Shekar Dattatri director of Mindless Mining: The Tragedy of Kudremukh is sharing his experiences



The director added that the mining company as a part of their corporate responsibility, had given Rs. 2 Crore to the Forest Department. The department had built roads inside the forests with this money and this had caused further damage. Recently, mining company again went to Supreme Court and showed them all press clippings to say that NGOs have disrepute them and made a request to reopen the case. Fortunately, same judges forced them to wind up the company because court had already given them three years. The second attempt of mining company was to instigate the union to file petition that 2000 workers would be jobless if mining would shut down. However, court didn't give consent to that.

Mr. Arun Varma, Chair of this session is engaged in development communication. Currently, he is on LEAD Fellowship building capacity among stakeholders using Right to Information as a tool. He has worked as Advisor at The Energy and Resources Institute (TERI) helping them to develop communication and outreach tools on Energy, Environment and Sustainable Development issues.

He opened the panel discussion by raising few questions. Whether Corporate Responsibility exists, if it does then in what forms. Secondly, when does the need for CSR arise? Does it arise when public institutions are weak? And lastly whether we are looking at CSR as an alternative form of governance.

Ms. Harriet Nimmo, is the Chief Executive of Wildscreen in Bristol, which delivers the world's largest wildlife film festival. Harriet was responsible for developing ARKive, the world's centralised collection of important nature films, sound recordings and photographs of endangered species made accessible as a valuable educational resource via its award-winning website. Harriet was named European Professional Woman of Achievement in 2003 for developing ARKive. In 2005, she was nominated by NESTA (National Endowment for Science, Technology and the Arts) as one of the UK's 5 most talented Cultural Leaders.

In her presentation she enumerated on her experiences in dealing with corporates. She said that at least the environmental departments of the US Govt., NGO's and corporates had started to work in partnership. She quoted examples of two corporates with whom she had previously worked - De Beers and HSBC. Conservation International had worked with De Beers to stop their operations in the coast of South Africa which included securing transfer of land from company and getting De Beers to train their thousands of employees in livelihood options like eco-tourism. HSBC, which is the worlds only carbon neutral bank had changed its sponsorship patterns over the years and have now started making more responsible investment in countries where they have their operations.

Sharing her experiences of Wildscreen she said that companies might use it as a platform to green wash their image and hence she has been very careful in accepting funds and sponsorship. In the Indian context, she said ***“as demands on resources increase the ecological footprint that these countries leave will be comparable to that of the US and UK and it would require three planets, the size of the earth to meet these demands”***. ***These were issues; Ms. Nimmo said the corporates had to think about.***



Mr. Dinesh Agarwal as General Manager in National Thermal Power Corporation (NTPC) for almost 3 decades *emphasized in his presentation that CSR was not totally voluntary; instead it*

was a need of the society. He gave instances of how the cement and the power sector companies had started co-operating with each other for a reasonable use of resources. CSR provides an opportunity for betterment of the society. CSR is a policy factor of companies and it has to become inclusive or internal activity of every company. For instance, NTPC has 12-13 policies related to CSR. For example, NTPC had set up many schools and primary health centers in rural areas. Added that when we evaluated the level of education and health then we found that children or teachers were not there because the idea was of starting a school not an educational institution. Similar was the case in the hospital.

People were not getting any benefit out of it. That is why, concept of stakeholder raised for every area or policy works on concerned activities. He said that there must be a policy framework and for that, there has to be dedicated institutional set-up and specialized manpower. NTPC has common forum for all stakeholders of that areas, village development advisory committee, representative of government and panchayat, local person apart from panchayat and representative of NTPC to discuss the issues. There is a monitoring/reviewing system of project at regional headquarters and corporate level.

Mr. Sachin Joshi a business analyst by training, is a Senior Researcher at the UK- and India-based, Centre for Social Markets (CSM). Most recently, Mr. Joshi was the lead researcher on CSM's 'Who's Who in CSR in India: A Resource Guide 2004', and also produced an India status report on socially responsible investments. CSM has been involved in assisting corporates to take on social responsibility.

He briefed about what CSR really was and what it means to have a good corporate responsibility track record. Some key concerns have not answered by research or CSM. The issue is reporting subject of CSR like communication about partnership of NGOs and



corporates need not be true and clean. He said that corporate responsibility did not mean only external initiatives like building schools and primary health centres, it also meant responsibility towards employees,

consumers etc. For example, couple of months ago, Indian Supreme Court came out with judgment related to Cellular Companies and banks that they should not make any marketing calls to consumer whether the consumer is already engaged with these entities. Other area of concern is health and safety of employees. If any corporate is concerned about community development the priority should be to establish immediate rapport with the local community rather than going to start hospital or schools. He informed that last year, CSM world published first edition of comprehensive book called 'Annual Conference in Delhi' on internal and external practices related to CSR of all types of organization. Based on his experience, he added that internal practices were an often-neglected area. *He also remarked that it was necessary not only for corporates to come clean but also for NGO's to come clean.*

Mr. Niranjani Khatri of Welcome Initiatives of ITC highlighted on how CSR could be blended with business prospects. He also spoke about eco-designing of buildings and how such designing helped reduce consumption of energy, water, chemicals and wood. He gave instances how ITC has undertaken CSR initiatives by employing physically challenged people. He cited the example of a handicapped lady who was employed in their office in the telephone department where she needed only 15 steps to reach her seat and could easily access the cafeteria and the toilet. The key word of employing disabled people in different areas is 'sensitive' because of mundane jobs that are done by normal people, might be given to physically challenged people. Simultaneously, ITC has been networking with BPO sector to take physically challenged people, which would be called 'Win Win Strategy'.

They had started eco-designing programme for teachers. The motto of the programme is to impart the knowledge to children and hence, children would impart knowledge to parents. The idea is changing of attitude of people. In response, out of 6 Lakh teachers of 850

schools participated in this programme running across India. Regarding water conservation, they started a campaign called 'kitchen water harvesting' and tried in 126 homes of Dwarka. The concept was "lady of the house must harvest water" for instance, the water used while washing vegetables or fruits, can be reused for swabbing floor or flushing.

He concluded with the statement that today we have 6 billion population and natural resources are infinite. And we need to reduce consumption of all resources, coping with nature, reduce our reliance on conventional source of energy and opt for different forms of energy such as Govt. of India set up energy STD booth where people of rural areas don't need to purchase the system, they can go and cook their meal.

Discussions - Audience Interaction

The Question –Answer session led to a very interesting audience interaction.

What are the incentives of CSR for the corporates?

Mr. Niranjana mentioned that corporates could earn money by taking CSR and quoted 'Let's Make Money for You and Make Money For Myself'. For example, ITC have initiated programme called e-choupal and installed 6000 computers in rural areas which is accessed by 3 million farmers. They are only imparting correct information to them such as best farming practices, pricing movements etc. They have helped them to increase 20 to 30 percentages in income. Therefore, it is up to the interest of industry to search for an opportunity that gives earnings to their business along with CSR department.

What are the contributions of the corporates towards retired and skilled Jawans?

Mr. Khatri said that they have a policy of employing jawans who take premature retirement.

Do you have any CSR policy available to people or organization?

Mr. Agarwal informed that last year they had framed policy and the same is available on their website. They have been taking development works such as rehabilitations under the HR policy. And they have programmes on community development and rehabilitation separately.

Mr. Khatri added that, he was not aware of any formal collaboration for CSR because it was not happening in full spirit. He enumerated that CSR and leadership in firm works simultaneously but some of the instances show leadership split out CSR. That is why internalization of CSR practices is most important. He added with an example that vice chairman and chairman spelled steps of CSR to AGM for the next year. However, plant manager told him that he had his own mandatory work and has no idea of new steps.

Mr. Khatri said that initially, very few companies were engaged with CSR but at present big names have realized that if they put right things in rural market where 70 % population reside is called 'win win opportunity'. HLL, ITC etc are already into CSR but ICICI is the only bank that gives schemes for poor people. In e-choupal, many companies have tied up with them to making entry in rural markets for products and schemes that can be accessed by rural people. He remarked that through 'socio business model' people could forget word CSR in future.

A student of law said that the panel had not discussed Sustainable Development specifically. The issue of need and scope of CSR model was also raised up. Wild screen got support from HSBC and Kodak in UK. Why people don't give support to programmes like Vatavaran in India? Mr. Verma mentioned that it is matter of priority and they might be looking for certain issues but they are not blind or ignorant. The panel while responding to these and other issues spoke about the need for corporates to take on CSR initiatives more seriously.

Key Issues of Concern

Communication of CSR was appreciated to show internal and external practices in all forms of organization. Therefore, environment audit report must be prepared which has to be a part of annual report. 'Win Win Strategy' also debate that CSR and Business can go hand in hand and explore benefits for society and industry.