



Developing CSR Strategy

Corporate Social Responsibility in India

The Companies Bill, 2012, passed by the Lok Sabha on 8th August 2013 has introduced the concept of 'Corporate Social Responsibility' (CSR) into Indian company law for the first time.

The salient points of the new Bill with regard to CSR among Indian companies are –

- Companies having net worth of rupees five hundred crore or more, or turnover of rupees one thousand crore or more or a net profit of rupees five crore or more will be required to spend at least two percent of its average profits over the last three years on Corporate Social Responsibility (CSR)
- Companies unable to comply with the CSR requirement would be required to provide an explanation or face penalties.

Simultaneously, the Ministry of Corporate Affairs has drafted the National Voluntary Guidelines on Social, Environmental and Economical Responsibilities of Business to strengthen the Indian Corporate sector to evolve into a global leader in responsible business.

The Guidelines are applicable to all businesses, and are intended to be adopted by them comprehensively, as they raise the bar in a manner that makes their value creating operations sustainable. The Guidelines have been articulated in the form of nine (9) Principles with the Core Elements to actualize each of the principles. It is expected that all businesses in India, including multi-national companies that operate in the country, would consciously work towards following the Guidelines. With the legal landscape around CSR poised for change, many companies will need to refine its processes of delivering social responsibility. One of the challenges is around *identifying* the causes to support and *how* to deliver it.

Section 135 clause in the Companies Act suggests the formation of a CSR Committee that will prepare the CSR policy, specify projects to support and institute a mechanism for monitoring. In this pursuit, instead of taking a compliance-driven approach, companies can build internal capabilities to generate value-add.

The value-addition will largely depend on the Leadership demonstrated by the members of the CSR Committee. Such a Leadership will have the ingredients of knowledge (*what to address*), skill (*how-to*) and societal consciousness (*a deep commitment to make a difference*).



It has thus become imperative that all businesses become thoroughly aware and conscious of their social, environmental, and economic responsibilities, and balance these different considerations in an ethical manner.

Partnership with Social Audit Network, India

For value-addition to happen, Organizations implementing CSR projects can partner with SAN, India through our engagement mechanism. SAN-India with its years of experience in working with social entrepreneurs and NGOs knows how companies can generate value from its CSR programs.

SAN-India has done pioneering work in Social Accounting and Auditing that brings the 'right' spirit to impact monitoring and evaluation. Put together, SAN, India provides a rich platform for companies to ***define and refine their CSR programming.***

Key Features of the engagement offered by SAN, India

1. Design a process that is robust, in other words weave together the needs of the organization and its social interventions along with integrating latest trends and expectations placed upon companies by the government/regulators.
2. Ongoing support to CSR team in delivering their responsibilities.
3. Knowledge and Skill building for key players within the organization
4. Evolving Monitoring & Evaluation tools for the CSR projects.
5. Drafting Mid- term /Social Impact Reports

The Process

SAN, India will facilitate the CSR team of the organization to evolve and strategize their CSR policies and practices that promote social capital and harmonious relations between business and other segments of society. Respecting stakeholders beyond shareholders, contributing to the economic, social and environmental development of the communities in which it operates, conscientious stewardship, respecting human dignity, etc. are a few principles businesses need to adapt.

SAN, India has evolved a 5 – pronged and flexible approach that would enable organizations to embed effective CSR and socially relevant activities. They include-

1. Assessment of the present CSR projects
2. Strategic CSR Advisory
3. Capacity building
4. Evolving M&E tools
5. Impact Assessment through Social Accounting & Audit tools



As evaluation of the current CSR activities will be done by the SAN team based any previous social impact assessments conducted by the organization. A set of recommendations will be provided by SAN, India to improve/stop some of its activities. Based on these recommendations, a strategy document would be prepared that would motivate organization's internal stakeholders and meet the specific needs of the societies or causes with which organization is involved.

The main focus of the Strategic CSR Advisory would be to

- a. Redesign the current projects to be sustainable and social entrepreneurial in nature
- b. Ensure that effective strategies with greater social impact are implemented

SAN, India would offer capacity building to the CSR team that spearheads the activities within the organization. This would be done in a workshop mode for 6 to 8 hours with the CSR team. The training will strengthen their knowledge about social issues and sensitize them to the needs of society and upgrade them to the latest CSR requirements mandated by the Ministry of Corporate Affairs. Based on the deliberations, new strategies would be evolved.

SAN, India would then facilitate in creating effective Monitoring & Evaluation strategies/tools that would help them in the documentation processes. These tools would be shared with the implementing partners to strengthen their monthly reports to the organization. Alternatively, the SAN team could also handle the M&E of a few key projects by visiting the project locations once or twice a month and submit a 3 – 5-page report of the same.

Mid -term assessments could also be done for large projects. At the end of the project cycle, the SAN team would draft the social impact report of each project. A social auditor certified from Social Audit Network, India, would be appointed to draft the social impact report and certify the same. This would enable the organization to improve on their current social impact, review its work and strategize the social activities for the next financial year.