Corporate Social Responsibility - Aligning with Sustainable Development Goals

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GOVERNMENT & EVOLUTION OF CSR POLICY

2007
- PM’s Ten-Point Social Charter

2009
- Voluntary Guidelines on CSR

2010
- DPE Guidelines

2011
- National Voluntary Guidelines on Social, Environmental and Economic Responsibilities (NVGs)
- SEBI mandate on disclosure in the form of Business Responsibility Reports (BRRs) on NVGs for top 100 listed companies

2012
- PSE Guidelines
- Section 135 of Companies’ Act, mandating CSR spend of 2% profit

2013
- DPE Guidelines
- Section 135 of Companies’ Act, mandating CSR spend of 2% profit
EVOLUTION OF CSR

Corporate profit

Philanthropy

Strategic Community investment

Good corporate citizenship

Section 135

Pure self interest

Passive donations to charities

Strategic giving linked to business interest

Investment in social development as part of the Business plan (NVGs)

Compliance

We are getting here
FROM CORPORATE RESPONSIBILITY TO CORPORATE SOCIAL RESPONSIBILITY

- Staff welfare
- Welfare of staff families
- Immediate Community development
- Nation Building

- School for staff children, sanitation in staff colonies etc.
- Sanitation, education, environment
- Compliance to 135
- Occupational safety

10-07-2019
THE SIZE OF THE CSR SPACE – APPROXIMATELY

- 16,000 Companies
- 18,000 Crores Indian Rupees
- 30,000 Directors of Boards
QUALIFYING CRITERIA

- Section 135, sub-section 1 of the Companies Act, 2013 provides the qualifying criteria;
- Every company having
  i. **net worth** of rupees **five hundred crore or more,**
  ii. **or turnover** of rupees **one thousand crore or more,**
  iii. **or a net profit** of rupees **five crore or more**

  during **any financial year** is mandated to constitute a Corporate Social Responsibility Committee of the Board.

Any financial year refers to any of the three preceding financial years.
A Corporate Social Responsibility Committee of the Board consists of three or more directors, out of which at least one director shall be an independent director.

- An unlisted public company or a private company covered under Section 135(1) of the Act, which is not required to appoint an independent director, shall have its CSR Committee without such director.
A private company with two directors on Board should constitute its CSR Committee with only two directors;

The CSR Committee shall institute a transparent monitoring mechanism for implementation of the CSR projects or programs or activities undertaken by the company.
BOARD AND THE COMMITTEE

Role of the Board

- Form a CSR Committee
- Approve the CSR Policy
- Ensure Implementation of CSR activities
- Ensure 2% spend
- Disclose reasons for not spending

CSR Committee

- Three or more directors with at least one independent
- Formulate and recommend a CSR policy to the board
- Recommend activities and the amount of expenditure to be incurred
- Monitor the CSR policy

10-07-2019
CSR PROJECTS: HOW COMPANIES IMPLEMENT

- Directly by the company
- Own NGO
- Other NGOs (Three years)
SCHEDULE VII – CSR THEMATIC AREAS

1. Eradication of extreme hunger and poverty, sanitation, Health
2. Promotion of education, special education and vocational training
3. Gender Equality-Women empowerment + senior citizens
4. Protection of National Heritage, art and culture
5. Benefit of armed force veterans, war widows
6. Ensuring environmental sustainability, ecological balance, wildlife conservation
7. Technology incubators within academic institutions
8. Rural sports, Paralympic and Olympic sports,
9. PM relief funds, Disaster relief work etc.
10. Rural Development projects

10-07-2019
RULES EFFECTIVE FROM 1st APRIL’2014

- Provisions apply to every Indian company including its holding company or subsidiary company;

- Surplus arising out of the CSR Projects or programs or activities shall not form part of the business profit of a company;

- CSR projects or programs or activities undertaken in India only shall amount to CSR Expenditure.
PROVISIONS for FOREIGN COMPANIES

- Section 135 applies to foreign companies having their branches or project offices in India;

- Net profit of such companies shall be determined as per the profit and loss account prepared under section 381(1)(a) read with section 198 of the Companies Act, 2013;

- CSR Committees of such companies shall comprise of at least two persons of which one shall be as specified under clause (d) of sub-section (1) of section 380 of the Act and another person to be nominated by the foreign company.
The policy shall include a list of CSR projects or programs which a company plans to undertake falling within the purview of the Schedule VII of the Act, specifying modalities of execution of such projects or programs and implementation schedules for the same;

It will also elaborate the Monitoring process for such projects or programs.
CSR EXPENDITURE

- CSR expenditure shall include all expenditure including contribution to corpuses of trusts/societies/section 8 companies which are created exclusively for undertaking CSR activities or for purposes directly relatable to a subject covered in Schedule VII;

- A company cannot make any contribution to any political party or political purpose.
CSR EXPENDITURE

- Activities undertaken in pursuance of the normal course of business of the company will not count as CSR;

- CSR Projects or programs or activities that benefit only the employees of the company and their families shall not be considered as CSR activities.
For building CSR capacities of their own personnel as well as of those of their implementing agencies, companies may incur expenditure up to 5 per cent of their CSR budgets;

Must be done through institutions with established track records of at least 3 years.
A company may also collaborate with other companies for undertaking projects or programs or CSR activities;

Provided CSR Committees of respective companies are in a position to report separately on such projects or programs in accordance with these rules.
THE SECTION 135: IMPLEMENTATION PROCESS

1. Developing a CSR Strategy
2. Operationalizing the institutional mechanism – team identification & capacity building
3. Identifying the Implementing Agencies (conducting due diligence, if required)
5. Clear identification of CSR Budget
6. Finalizing agreement with the implementing agency

Project Implementation

7. Project approval – insertion of the approved projects in the policy
8. Documentation, Monitoring (at Board and Sub-board level)
9. Project impact assessment
10. Evaluation (Concurrent, Final & preferably Third Party)
11. Preparation of reporting format and placement in public domain
Significance of CSR

- CSR helps in strengthening the relationship between companies and stakeholders.
- It enables continuous improvement and encourages innovations.
- Attracts the best industry talent as a socially responsible company.
- Provides additional motivation to employees.
- Mitigates risk as a result of its effective corporate governance framework.
- Enhances ability to manage stakeholder expectations.

Drivers of CSR

- Care for all Stakeholders
- Ethical functioning
- Respect for Workers' Rights and Welfare
- Respect for Human Rights
- Respect for Environment
- Activities for Social and Inclusive Development
## CSR Spending in Public Sector Enterprises

<table>
<thead>
<tr>
<th>PAT (Profit After Tax) of Central Public Sector Enterprises in the Previous year</th>
<th>Range of the Budgetary allocation for CSR and Sustainability activities (as % of PAT in previous year)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(i) Less than Rs. 100 crore</td>
<td>3% - 5%</td>
</tr>
<tr>
<td>(ii) Rs. 100 crore to Rs. 500 crore</td>
<td>2% - 3%</td>
</tr>
<tr>
<td>(iii) Rs. 500 crore and above</td>
<td>1% - 2%</td>
</tr>
</tbody>
</table>
Background

- SDGs adopted by UN in 2015 with 17 Goals & 169 Targets.
- Came into effect from 1.1.2016.
- The time period for SDGs is 2016-30.
- Several goals are to be achieved before 2030, and some of them even by 2020.
- Addressing three dimension of development; Social, Economic & Environmental
- Goals 1 to 6 address social development, Goals 7-11 Address Economic development and Goals 12 to 15 on Environment issues.
- There is a Goal on Good Governance (Goal 16) and a Goal on Means of Implementation (Goal 17).
- India is signatory of the UN Resolution and committed to implementation of SDGs.
SDG Vision

The new agenda is a promise by leaders to all people everywhere. It is a universal, integrated and transformative vision for a better world. It is an agenda for people, to end poverty in all its forms. An agenda for the planet, our common home. An agenda for shared prosperity, peace and partnership. It conveys the urgency of climate action. It is rooted in gender equality and respect for the rights of all. Above all, it pledges to leave no one behind.

BAN Ki-Moon
Ex-Secretary-General, United Nations
The Sustainable Development Goals: 2030 Agenda (5Ps)

- Implementation Period: January 1, 2016 to December 31, 2030
- 17 Goals, 169 Targets and 230 indicators
- No one Leaves Behind
- Universal
- Five P’s – People, Planet, Prosperity, Peace and Partnership
Unfinished MDGs - Social SDGs

1. No Poverty
2. Zero Hunger
3. Good Health and Well-Being
4. Quality Education
5. Gender Equality
6. Clean Water and Sanitation

Economic SDGs

7. Affordable and Clean Energy
8. Decent Work and Economic Growth
9. Industry, Innovation and Infrastructure
10. Reduced Inequalities
11. Sustainable Cities and Communities
12. Sustainable Consumption and Production

Environment SDGs

13. Climate Action
14. Life Below Water
15. Life on Land

Means of Implementation

16. Peace, Justice and Strong Institutions
17. Partnerships for the Goals
2030 Agenda for Sustainable Development builds on the Millennium Development Goals but SDGs are different

(1) Process
- 3 year long transparent participatory process
- Informed by global summits and agreements
- Member States Open Working Group (OWG) charged with proposing a set of Sustainable Development Goals that culminated to “Transforming our world: the 2030 Agenda for Sustainable Development”

(2) Structure
- Broader than the MDG results framework
- In addition to goals and targets, 2030 Agenda spells a vision with principles, an implementation strategy, and a review framework.

(3) Scope
- Broad in scope. Address the interconnected elements of sustainable development.
- Includes focus on Peace and Planet. MDGs focused primarily on the social agenda.
- SDGs are universal and apply to all countries, whereas the MDGs were intended for action in developing countries only.
<table>
<thead>
<tr>
<th>SDGs and related target</th>
<th>Target Content</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.6</td>
<td>Halve the number of global deaths and injuries from road traffic accidents.</td>
</tr>
<tr>
<td>6.6</td>
<td>Protect and restore water-related ecosystems, including mountains, forests, wetlands, rivers, aquifers and lakes.</td>
</tr>
<tr>
<td>8.6</td>
<td>Substantially reduce the proportion of youth not in employment, education or training.</td>
</tr>
<tr>
<td>14.4</td>
<td>Effectively regulate harvesting and end overfishing, illegal, unreported and unregulated fishing and destructive fishing practices.</td>
</tr>
<tr>
<td>15</td>
<td>Conservation and sustainable management related to terrestrial ecosystem, natural habitats and water ecosystem (15.1, 15.2, 15.5, 15.8) and integrating biodiversity values into the planning process (15.9).</td>
</tr>
</tbody>
</table>
India and Sustainable Development Goals
Why India could make or break the success of SDGs

India Accounts to global burden

1. Area – seventh largest country in the world
2. Population – Second-most populous country (1.4 billion / 7.5 billion)
3. Population living Below Poverty Line (nearly a third of world)
4. Chronic Malnutrition's (one third)
5. Child Marriage (one third)
6. Open Defecation (more 50 per cent)
7. Maternal Deaths (15%)
8. Child Deaths (20%)
Monitoring SDGs

Goal 1

Target 1.1

Target 1.2

Indicator-1.1.1

Indicators-1.1.2

Indicator 1.2.1
More than 300 indicators proposed

229 Global SDG indicators

around 70 percent cannot be generated by household surveys and/or are means of implementation indicators
Criteria Adopted for Indicator.

- Relevancy to the Targets.
- To cover all components of the targets.
- Nationally acceptable.
- Data from official statistical system.
- Consent from respective Ministries.
- Frequency of data.
- Data already available or being made available.
- Ownership of data.
Data Disaggregation

The fundamental principle of SDGs is “No one left behind”.

This implies data at lowest disaggregation.

Data to be produced at various disaggregation including gender, social categories, geographical area, income category, disability, etc.
Data Sources

Data for the indicator will mainly be sourced from national surveys like NSSO, NFHS, Agriculture Surveys, Survey on School Education, forest Surveys etc.

- RGI : Census , SRS, Registration.  Agriculture Census.
- NCRB Data and data on Disasters from MHA.
- Administrative Data / MIS Data. Ex.  MGNREGA, RTI data.
Key Role of State Departments

- Central Schemes and State programmes addressing SDGs are implemented through the State Government Departments.
- The data generated is important for compilation of SDG indicators.
- Departments need to ensure that the regular data flow system to ensure timely reporting.
- Investment in data machinery to ensure better and timely data.
Baseline Data and Reports

- Baseline data on the indicators for 2015-16 or the nearest available data.
- Progress will be also reported through a SDG Dashboard to be developed.
National and State SDG Monitoring Mechanism

- NITI Aayog has constituted a Task Force with NITI, MoSPI, Ministries of Central Government and State Governments as members to oversee the SDG implementation.

- A High Level State Steering Committee is constituted in State under the chairpersonship of CS for review and refinement of SDGs Indicator Framework
Spearheading SDGs in India

‘Sabka Saath Sabka Vikas’ - Guiding Mantra for India’s development policy and practice

India’s development goals and programmes are mirrored in the SDGs.

National Indicators on SDGs is on advanced stage of finalization. Focus on outcome based indicators.

NITI Aayog, the national think tank, mapped 17 SDGs on Central Ministries and development programmes
State Strategy for Achieving SDGs

- Mapping of Departments & Programmes
- Identification of Indicators
- Consultations with stakeholders
- Dovetailing the Development Agenda with SDGs
- Implementation of Schemes aligned with SDG targets
- Rigorous outcome based monitoring
Major National Programmes/ Initiatives aligning with SDGs

- Mahatma Gandhi National Rural Employment Guarantee Programme
- National Rural & Urban Livelihood Mission
- Pradhan Mantri Jan Dhan Yojana
- National Food Security Mission
- National Health Mission
- National Education Mission
- Beti Bachao, Beti Padhao
- Swatch Bharat Mission (Clean India Mission)
- National Rural Drinking Water Programme
- Pradhan Mantri Awas Yojana - Rural and Urban (Housing for All)
- Pradhan Mantri Gram Sadak Yojana
- Pradhan Mantri Krishi Sinchai Yojana
- Pradhan Mantri Ujjwala Yojana
- National Mission for a Green India
Extensive use of Information Technology

- **Migration to online MIS**
- **Increase openness and leverage existing data.**
  - By bringing together high-value data sets across sectors for achieving the SDGs.
- **Improve the effective use of data.**
  - By providing robust APIs to empower data to be combined in new ways for further insights.
- **Enable data for action and decision making**
  - By empowering the developer community to create rich applications and visualizations.
Understanding Core Framework

**Leaving no one behind**
SDG monitoring is about *Inclusion, participation and growth for all*

**Monitorin g frame at all levels**
Beside the global monitoring, it is to be ‘complemented’ *at the regional and national and sub-national levels*

**Flexibility yet within overall SDG agenda**
National / state circumstances and requirements and priorities to determine the *national / state SDG agenda*
<table>
<thead>
<tr>
<th>Guiding Framework for SDG Planning</th>
</tr>
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<tbody>
<tr>
<td><strong>Latest status</strong></td>
</tr>
<tr>
<td>Who are the most deprived?</td>
</tr>
<tr>
<td>Where do they live within society?</td>
</tr>
<tr>
<td><strong>Time Trend</strong></td>
</tr>
<tr>
<td>Is situation getting better or worse?</td>
</tr>
<tr>
<td>Is inequality new, enduring, or improving?</td>
</tr>
<tr>
<td><strong>Key Messages</strong></td>
</tr>
<tr>
<td>What are current priority areas for action?</td>
</tr>
<tr>
<td>Why are deprivations prevailing - social norms, legal framework and overall policy implementation?</td>
</tr>
</tbody>
</table>
Two ways:

- **One Way:** SDG framework to guide the national development plan; **Danger of missing ‘inclusive’ criterion**

- **Alternatively,** let country / state first develop its plan, strategies keeping in view its priorities, circumstances, bottlenecks and deprivations;
  - Lead to a NATIONAL / STATE MONITORING FRAMEWORK;

- Finally map targets and indicators of the National / state monitoring framework to SDG framework
## Broad Roadmap to State Monitoring Framework

<table>
<thead>
<tr>
<th>Step</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Develop State Vision for next 15 years</td>
</tr>
<tr>
<td>2</td>
<td>Review of exiting policy and programs and implementation bottlenecks, in a convergent manner</td>
</tr>
<tr>
<td>3</td>
<td>Mapping it to SDG goals / Targets</td>
</tr>
<tr>
<td>4</td>
<td>Setting practical targets vis-à-vis state’s priorities and existing situation, based on evidence</td>
</tr>
</tbody>
</table>

### Are we missing any Goal?

- Lead to State’s development Monitoring Framework
- Map it to SDG monitoring indicators
- Undertake Data gap analysis
- Consultation with Data producers - National / state partners

### Where are the state’s priorities?

- What and how frequently
- Missing any critical indicator?
- Plan for bridging gap
Progress made by India, so far...

NITI Aayog
(National Institution for Transforming India)
Government of India

NEW INDIA @2022

ON THE IMPLEMENTATION OF SUSTAINABLE DEVELOPMENT GOALS

UNITED NATIONS
High Level Political Forum
2017
Progress made by states

Gujarat Sustainable Vision 2030

An Agenda for Development, Change and Good Governance

Bihar SDG Vision Document

Sustainable Development Goals
Vision 2030

#Numbers in Action
Way Forward for SDGs

- Mapping the scheme wise with SDG by each Department wherever still not done.
- Establish the implementation and monitoring framework for each goal and target.
- Tracking the progress through a dashboard.
- State/Division/District level Consultation with stakeholders for capacity building of the functionaries.
- Documenting and sharing of best practices SDG wise.
Why link CSR projects to SDGs?

- Emphasize CSR impact
- Channel impact as part of the world’s impact
- Become more relevant to the world

- New spoken language between civil society
- Connect to more partners
How to link CSR projects to SDGs?

Determine clear and concise objectives for project/ concept from early phase of planning

Identify which SDGs is relevant to CSR project objectives (it could be more than one)

Identify target audience and beneficiaries

Chose the SDG/s most relevant to the CSR project
Partnership for achieving CSR projects

- Identify the right partners that are relevant to CSR project SDG/s
- Integrating the partners in implementation process
- Joint efforts with partners to maximize and unify the impact
- Creating clear, effective communication and follow up with partners

This clearly requires data for decision making
DATA FOR WHAT?

Improved Decision-Making and Policy

Increased Citizen Empowerment

Increased Innovation and Entrepreneurship

To Achieve and Monitor Sustainable Development
Civil Registration and Vital Statistics

Achieving sustainable development is only possible if we know where people living in poverty are and what they need. One in three children aged five years or younger have not had their births registered. Therefore, officially, these children do not exist in the system.

Nearly a third of the world’s children under five doesn’t officially exist

Globally, nearly 230 million children under age five have never been registered

Worldwide, four in ten babies born in 2012 were not registered
Harnessing the Data Revolution

“Data is the Oil of the 21st Century”

- Supporting and complementing government and civil society efforts to generate data for statistics for the formal SDG monitoring framework
- Unleashing innovation in production, accessibility and use of real-time, dynamic, disaggregated data from multiple sources

Disaggregated, Real-time, Dynamic, Open, Usable, Actionable
How to Align Your Biz With The SDGs

Steps companies can take to contribute to the SDGs

Prioritize to identify SDGs that are most strategically aligned with business competencies and priorities

Establish goals and KPIs related to priority SDGs

Join partnerships related to the SDGs

Align current initiatives to contribute to priority SDGs

Make public commitments to one or more of the SDGs

Launch new initiatives to contribute to priority SDGs
What the SDGs mean for business

The Crucial Role of Business

- Engine of Employment
- Technology & Innovation
- Source of Finance

SDGs will not be delivered without business
What the SDGs mean for business

Implications for Business

From a business perspective, it is important to understand the implications of the SDGs across four key areas:

- Risks of inaction
- Capturing Opportunities
- Reporting
- Collaboration
WE CONVENE
WE CONNECT
WE CATALYZE...

better, more accessible, and usable data
to help end poverty, fight inequality and
injustice, and combat climate change.