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Ministry of Corporate Affairs  
Government of India



Murli Deora  
Union Minister, Corporate Affairs  
Ministry of Corporate Affairs

## MESSAGE

Business involvement in social welfare and development has been a tradition in India and its evolution from individuals' charity or philanthropy to Corporate Social Responsibility, Corporate Citizenship and Responsible Business can be seen in the business sector over the years. The concept of parting with a portion of one's surplus wealth for the good of society is neither modern nor a Western import into India. From around 600BC, the merchant was considered an asset to society and was treated with respect and civility as is recorded in the Mahabharata and the Arthashastra. Over the centuries, this strong tradition of charity in almost all the business communities of India has acquired a secular character. Also, many of India's leading businessmen were influenced by Mahatma Gandhi and his theory of trusteeship of wealth contributed liberally to his programmes for removal of untouchability, women's emancipation and rural reconstruction.

I am sure the National Voluntary Guidelines on Social, Environmental and Economical Responsibilities of Business being brought out by the Ministry of Corporate Affairs will strengthen this Indian tradition and the Indian corporate sector will evolve into a global leader in responsible business.

New Delhi  
July, 2011

Murli Deora  
Union Minister, Corporate Affairs  
Ministry of Corporate Affairs



Ministry of Corporate Affairs  
Government of India



R.P.N. Singh  
Minister of State, Corporate Affairs  
Ministry of Corporate Affairs

## FOREWORD

The Corporate Sector around the world is struggling with a new role, which is to meet the needs of the present generation without compromising the ability of the next generation. Businesses now have to take responsibility for the ways their operations impact society and the natural environment. The Corporate Sector must now focus its attention on achieving the 'triple bottom line'- people, planet and profit. Urged by the Prime Minister's Ten Point Charter, the Corporate Sector is now trying to ensure that economic growth is socially and environmentally sustainable.

The National Voluntary Guidelines on Socio-Economic and Environmental Responsibilities of Business brought out by the Ministry of Corporate Affairs will help the Corporate sector in their efforts towards inclusive development.

New Delhi  
July, 2011

R. P.N. Singh  
Minister of State, Corporate Affairs  
Ministry of Corporate Affairs



Ministry of Corporate Affairs  
Government of India



D.K. Mittal  
Secretary  
Ministry of Corporate Affairs

## PREFACE

The importance of businesses in improving the quality of life is well recognized. However, there is growing awareness that in an increasingly complex world, businesses also have significant and long-lasting impacts on people, our planet and our ability to sustain the levels of holistic development that we all aspire to. This realization has also brought an increasing concern amongst all stakeholders, who are demanding that businesses of all types and sizes need to function with fairness and responsibility. Specifically, this calls for businesses being thoroughly aware and conscious of their social, environmental and economic responsibilities, and balance these different considerations in an ethical manner.

When businesses are supported by appropriate Government policy regime that encourages systematic movement towards responsible thinking, decision-making, and a progressive movement towards sustainability, the trajectory of overall growth and development takes a positive turn. Such a responsible approach on part of the business duly supported by the Government alone would secure our future and ensure that wholesome benefits accrue to people, and our planet; even as businesses continue to make surpluses that can be re-invested for the growth of the economy.

The Ministry of Corporate Affairs had released Voluntary Guidelines on CSR in 2009 as the first step towards mainstreaming the concept of Business Responsibilities. Keeping in view the feedback from stakeholders, it was decided to revise the same with a more comprehensive set of guidelines that encompasses social, environmental and economical responsibilities of business.

The Guidelines emphasize that businesses have to endeavour to become responsible actors in society, so that their every action leads to sustainable growth and economic development. Accordingly, the Guidelines use the terms 'Responsible Business' instead of Corporate Social Responsibility (CSR) as the term 'Responsible Business' encompasses the limited scope and understanding of the term CSR.

The Guidelines take into account the learnings from various international and national good practices, norms and frameworks, and provide a distinctively 'Indian' approach, which will enable businesses to balance and work through the many unique requirements of our land. By virtue of these Guidelines being derived out of the unique challenges of the Indian economy and the Indian nation, they take cognizance of the fact that all agencies need to collaborate together, to ensure that businesses flourish, even as they contribute to the wholesome and inclusive development of the country. The Guidelines emphasize that responsible businesses alone will be able to help India meet its ambitious goal of inclusive and sustainable all round development, while becoming a powerful global economy by 2020.



New Delhi  
July, 2011

D.K. Mittal  
Secretary  
Ministry of Corporate Affairs

# Chapter 1: Introduction to the Guidelines

The Guidelines presented herein are a refinement over the Corporate Social Responsibility Voluntary Guidelines 2009, released by the Ministry of Corporate Affairs in December 2009. Significant inputs, received from diverse stakeholder groups across the country have been duly considered, and based on these inputs; appropriate changes have been made in the original draft Guidelines produced by the Guidelines Drafting Committee. This document therefore represents the consolidated perspective of vital stakeholders in India, and accordingly lays down the basic requirements for businesses to function responsibly, thereby ensuring a wholesome and inclusive process of economic growth.

*Mandate and process:* These Guidelines have been developed through an extensive consultative process by a Guidelines Drafting Committee (GDC) comprising competent and experienced professionals representing different stakeholder groups. The GDC was appointed by the Indian Institute of Corporate Affairs (IICA) with a clear brief that the Guidelines must provide a distinctively 'Indian' approach, which will enable businesses to balance and work through the many unique requirements of our land. The process that was followed in developing these Guidelines relied heavily upon developing a consensus on various ideas that emerged from various stakeholder groups. Leading trade and industry chambers, who were represented in the GDC as well as actively engaged in the consultative process, have been key partners in the development of this consensus.

*Applicability:* The Guidelines are designed to be used by all businesses irrespective of size, sector or location and therefore touch on the fundamental aspects – the 'spirit' - of an enterprise. It is expected that all businesses in India, including multi-national companies that operate in the country, would consciously work towards following the Guidelines. The Guidelines also provide a framework for responsible business action for Indian MNCs planning to invest or already operating in other parts of the world. Businesses are encouraged to move beyond the recommended minimum provisions articulated in the document.

For business leaders and managers entrusted with the task of deploying the principles of Responsible Business, it is worthwhile to understand that business boundaries today extend well beyond the traditional walls of a factory or an operating plant and all the way across the value chain. Businesses are therefore encouraged to ensure that not only do they follow the Guidelines for areas directly within their immediate control or within their sphere of influence, but that they encourage and support their vendors, distributors, partners and other collaborators across their value chains to follow the Guidelines as well.

The Guidelines are applicable to all such entities, and are intended to be adopted by them comprehensively, as they raise the bar in a manner that makes their value-creating operations sustainable. It needs to be emphasized that all Principles are equally important and non-divisible – this implies that if a business endeavours to function responsibly, it would have to adopt each of the nine (9) principles in their entirety rather than picking and choosing what might suit them.

*Content and Structure:* The Guidelines are not prescriptive in nature, but are based on practices and precepts that take into account the realities of Indian business and society as well as global trends and best practices adapted to the Indian context. It urges businesses to embrace the “triple bottom-line” approach whereby its financial performance can be harmonized with the expectations of society, the environment and the many stakeholders it interfaces with in a sustainable manner. The adoption of these National Voluntary Guidelines will improve the ability of businesses to enhance their competitive strengths, improve their reputations, increase their ability to attract and retain talent and manage their relations with investors and society at large. These Guidelines have been drafted in a way that makes them easy to comprehend and implement.

The Guidelines have been articulated in the form of nine (9) Principles with the Core Elements to actualize each of the principles. A reading of each Principle, with its attendant Core Elements, should provide a very clear basis for putting that Principle into practice. To assist implementation, a section has also been included on developing Management Systems and Processes for responsible business, and Indicators that businesses can adopt to self-steer and regulate their journey towards becoming sustainable and responsible businesses. The Processes focus on changes in leadership and the leadership structure in the organization, the integration of the Principle and Core Elements into the very business purpose of the organization and ensuring that engagement with stakeholders happens on a consistent, continuous basis.

While a broad list of Indicators has been provided to enable businesses to monitor their own implementation process, these are not exhaustive, but sufficiently representative to give a clear idea of the direction that businesses have to take in the implementation of these Guidelines.

Since these Guidelines are applicable to large and small businesses alike, a special section has also been included on how micro, small and medium enterprises (MSMEs) can be encouraged to adopt the Guidelines. Typically, the argument that MSMEs do not have the capacity or resources to implement the changes, has been juxtaposed with the idea that without a conscious effort to adopt the Guidelines, MSMEs would lose out on future business opportunities and their ability to remain viable and socially relevant.

Finally, a separate chapter on reporting has been included so that the business entities are not only able to adopt the Guidelines but also to demonstrate the adoption to their stakeholders through credible reporting and disclosures. The reporting framework is designed on the 'Apply-or-Explain' principle which is also the fundamental basis of these Guidelines. The suggested framework takes into account the requirements of the business entities that are already reporting in other recognized frameworks as well as those which yet do not have the capacity to undertake full reporting.

## Chapter 2: Principles and Core Elements

### **Principle 1: Businesses should conduct and govern themselves with Ethics<sup>1</sup>, Transparency<sup>2</sup> and Accountability<sup>3</sup>**

#### **Brief Description**

The principle recognizes that ethical conduct in all its functions and processes is the cornerstone of responsible business.

The principle acknowledges that business decisions and actions, including those required to operationalize the principles in these Guidelines should be amenable to disclosure and be visible to relevant stakeholders.

The principle emphasizes that businesses should inform all relevant stakeholders of the operating risks and address and redress the issues raised.

The principle recognizes that the behavior, decision making styles and actions of the leadership of the business establishes a culture of integrity and ethics throughout the enterprise.

#### **Core Elements**

1. Businesses should develop governance structures, procedures and practices that ensure ethical conduct at all levels; and promote the adoption of this principle across its value chain
2. Businesses should communicate transparently and assure access to information about their decisions that impact relevant stakeholders
3. Businesses should not engage in practices that are abusive, corrupt, or anti-competition
4. Businesses should truthfully discharge their responsibility on financial and other mandatory disclosures.
5. Businesses should report on the status of their adoption of these Guidelines as suggested in the reporting framework in this document.
6. Businesses should avoid complicity with the actions of any third party that violates any of the principles contained in these Guidelines

## ***Managing Ethics in the Workplace – Key to Good Governance***

*A well-run, publicly traded Indian enterprise providing a variety of products and services to both domestic and international consumers relies heavily on its global supply chains for a variety of inputs to its business.*

*The company, in its endeavour to be responsible, has formed an Ethics Sub-committee of the Board that is empowered to investigate all matters of suspected violation of ethical standards of the company, including decisions taken by its top management. This sub-committee uses a variety of sources of information to ascertain the state of ethics, transparency and governance in the business. For instance, the duly appointed Ethics Counsellors of the company regularly interact with members of the sub-committee in formal, pre-scheduled meetings and key senior executives are regularly invited for interactions. Vendors, randomly identified employees, Union officials and other stakeholders of the business are encouraged to meet or write to the sub-committee. The ethics sub-committee thereby provides the Board with valuable feedback for continuously improving its governance systems.*

*Furthermore, as a part of strengthening its ethical functioning, the company has also decided to separate the positions of Chairman and that of Managing Director.*

### ***Laying the foundations of development***

*Reporting by businesses on environmental, social and governance aspects is considered to drive improvements in their performance. One of India's oldest (operational since 1910) private sector companies released its first Sustainability Report in 2005 and continues to do so annually based on the Global Reporting Initiative (GRI) Guidelines.*

*The company has created sustainable mechanisms to identify and consult with the key internal and external stakeholders including shareholders, customers, employees, farmers, suppliers, government and community as part of its reporting process. The company holds focus group discussions with the villagers taking cognizance of their needs while developing its community investment programmes. The report is an A+ report and is externally assured by third party assurance providers.*

## **Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability<sup>11</sup> throughout their life cycle<sup>12</sup>**

### **Brief Description**

The principle emphasizes that in order to function effectively and profitably, businesses should work to improve the quality of life of people.

The principle recognizes that all stages of the product life cycle, right from design to final disposal of the goods and services after use, have an impact on society and the environment. Responsible businesses, therefore, should engineer value in their goods and services by keeping in mind these impacts.

The principle, while appreciating that businesses are increasingly aware of the need to be internally efficient and responsible, exhorts them to extend their processes to cover the entire value chain – from sourcing of raw materials or process inputs to distribution and disposal.

### **Core Elements**

1. Businesses should assure safety and optimal resource use over the life-cycle of the product – from design to disposal – and ensure that everyone connected with it- designers, producers, value chain members, customers and recyclers- are aware of their responsibilities.
2. Businesses should raise the consumer's awareness of their rights through education, product labelling, appropriate and helpful marketing communication, full details of contents and composition and promotion of safe usage and disposal of their products and services.
3. In designing the product, businesses should ensure that the manufacturing processes and technologies required to produce it are resource efficient and sustainable.
4. Businesses should regularly review and improve upon the process of new technology development, deployment and commercialization, incorporating social, ethical, and environmental considerations.
5. Businesses should recognize and respect the rights of people who may be owners of traditional knowledge, and other forms of intellectual property.
6. Businesses should recognize that over-consumption results in unsustainable exploitation of our planet's resources, and should therefore promote sustainable consumption, including recycling of resources.

## *Cradle to Grave*

*The company has played a pioneering role in the growth of cellular technology in India. During product creation the company (guided by Life Cycle Assessment) focused on energy efficiency, sustainable use of materials and smart packaging. The device even has a feature which reminds the user to unplug their phone charger from the electric socket when the battery has been charged.*

*The company's sourcing managers are in constant dialogue with suppliers to confirm full material information and compliance of every single component and module, and to ensure that the Company Supplier Requirements and related environmental and ethical standards are met. There is a dedicated Design for Environment (DfE) specialist for every product and site, to support product development and monitor that the quality, safety and environmental requirements are met through a series of milestone reviews. Packaging specialists work to minimize the materials and logistics burden: every product ships in a smaller box compared to its earlier equivalents.*

*By providing Eco applications and services, it increases awareness of environmental choices and promote sustainable actions, like offsetting CO2 emissions. Effective end-of-life practices close the lifecycle loop, putting energy and valuable materials back into circulation. The company has recently offered take-back schemes in all its operating sites. By offering to take back old devices at all its operating sites, the company is striving to practice recycling and reusing of materials.*

### **Brief Description**

The principle encompasses all policies and practices relating to the dignity and wellbeing of employees engaged within a business or in its value chain

The principle extends to all categories of employees engaged in activities contributing to the business, within or outside of its boundaries and covers work performed by individuals, including sub-contracted and home based work.

### **Core Elements**

1. Businesses should respect the right to freedom of association, participation, collective bargaining, and provide access to appropriate grievance redressal mechanisms.
2. Businesses should provide and maintain equal opportunities at the time of recruitment as well as during the course of employment irrespective of caste, creed, gender, race, religion, disability or sexual orientation.
3. Businesses should not use child labour, forced labour or any form of involuntary labour, paid or unpaid.
4. Businesses should take cognizance of the work-life balance of its employees, especially that of women.
5. Businesses should provide facilities for the wellbeing of its employees including those with special needs. They should ensure timely payment of fair living wages to meet basic needs and economic security of the employees.
6. Businesses should provide a workplace environment that is safe, hygienic humane, and which upholds the dignity of the employees. Business should communicate this provision to their employees and train them on a regular basis.
7. Businesses should ensure continuous skill and competence upgrading of all employees by providing access to necessary learning opportunities, on an equal and non-discriminatory basis. They should promote employee morale and career development through enlightened human resource interventions.
8. Businesses should create systems and practices to ensure a harassment free workplace where employees feel safe and secure in discharging their responsibilities.

### ***Employee Health and Wellness Programs: Developing an Operating Plan***

*A food and beverage company, operating in India, believes that its employees are its greatest strength and a healthier and happier employee can deliver great results for the long term. They strongly believe that addressing health issues significantly contributes to the sustainability of their business operations and especially the health and welfare of their employees.*

*For this, the company has implemented a health awareness initiative to generate knowledge and improve awareness levels of their employees. The entire approach of the company's initiative is unique in espousing the 'Each One Teach One' approach wherein besides capability building of selected employees and four NGOs in each of the regions, internal HR and other employees have been co-opted in this journey as Master Trainers and Peer Educators who are taking out time from their full time jobs to educate employees, spouses, business partners, and extended communities. It also carries weight in the annual performance appraisal process, which is similar to the weight given to any achievement on business results.*

### ***Assuming responsibility, taking lead***

*One of the branded tea exporters in Sri Lanka, exporting more than 4 million kilograms of tea in bulk, packets, tea bags, cartons and boxes to the USA, Japan, Australia, Canada, England, Ireland, Germany, Italy, Switzerland, New Zealand, Holland, Middle East, South Korea, Singapore, Malaysia and Commonwealth of Independent States (CIS) countries has achieved a world first with the launch internationally of a unique new range of single origin and blended teas positioned as 'The Ethical Tea Brand of the World.' And is the first product in the world to combine branding and advocacy to promote the principles of responsible business via product packaging. The claim to be the ethical teas of the world is backed by a distinct facet 'A Home for Every Plantation Worker Programme' under which the company has pledged that for every pack of tea sold globally, a share of the proceeds will be allocated towards improving the living conditions of 11,000 worker families on 27 plantations. The Company initiated this programme in June 2006 with a view to make a difference to the lives of its estate community and to focus on areas such as living environment, health and safety, community capacity building and empowerment of youth.*

**Principle 4: Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised<sup>30</sup>.**

### **Brief Description**

The principle recognizes that businesses have a responsibility to think and act beyond the interests of its shareholders to include all their stakeholders.

The Principle, while appreciating that all stakeholders are not equally influential or aware, encourages businesses to proactively engage with and respond to those that are disadvantaged, vulnerable and marginalized.

### **Core Elements**

1. Businesses should systematically identify their stakeholders, understand their concerns, define purpose and scope of engagement, and commit to engaging with them
2. Businesses should acknowledge, assume responsibility and be transparent about the impact of their policies, decisions, product & services and associated operations on the stakeholders
3. Businesses should give special attention to stakeholders in areas that are underdeveloped.
4. Businesses should resolve differences with stakeholders in a just, fair and equitable manner

#### *The Changing Face of Stakeholder Engagement without limits*

*An Indian chemical company has always been committed to working closely with its stakeholders. In the past, it had identified its key stakeholders through informal consultations with its businesses and involving its managing director in discussions with the critical external ones e.g. customers, investors and the government. To further embed the process and make it more objective, the company retained the services of a consulting company specializing in stakeholder engagement to work on this task. The process included detailed formal one- on-one consultations with business and function heads, the executive committee and select board members as well as focus group discussions with employees and the good practices followed by leading global and Indian companies. Based on this process, the major external stakeholder categories were identified as*

*Business Partners (customers, investors, labour contractors and packers), Opinion Makers and regulators (media, industry associations, government, regulators) and Civil Society (environmental, human rights and consumer rights NGOs both local and national)..*

*Within each category, individual organisations were identified through discussions with the company staff as well as with external interlocutors to ensure that a wide range of opinions were available. The company proposes to use this process to set up a formal stakeholder panel that it will engage with on an ongoing basis.*

### ***Laying the foundations of development***

*An Indian company in the engineering and construction sector demonstrated the business case for social responsibility by integrating its skilled manpower requirements to imparting of skills to the local rural youths hailing from economically weaker section who usually do not have scope for higher education.*

*Post training, the skilled technicians were deployed under sub-contractors of the company in various job sites across the country. All assistance was given by way of close monitoring and interfacing with training institutes. Students passing out were absorbed in their respective skill category with work experience on site. This helped the unemployed youth not only with a sustainable employment but a career progression depending upon their performance. The training centre aims at training about 1000 youths per annum under each of the six established Institutes.*

*Through the above intervention the company served as a role model to impart construction skills training and has now become a mass movement, which is benefiting the society both in terms of skills development and providing employment. It has also resulted in reduction in wastages, reduction in injuries / accidents, improved productivity, better quality of finished product, besides earning a huge foreign exchange by way of migration of skilled manpower for overseas jobs.*

### ***Engaging Safety***

*An electricity company based in Baroda was facing regular breakdown of one of its boilers, which could not be rectified by many internal and external experts. The company was visited by a group of workers' activists to have a discussion with the workers and shop floor supervisors on the safety culture. The issue of regular breakdown of the boiler cropped up in the discussion. The activists asked the workers, if they have any solution. The workers replied that they have been working with the boiler for years and they can*

repair it if given a chance. The workers' activists negotiated with the management. A group of select workers used available material and reworked on the problem and eventually it was ratified. The management was quite impressed and decided to form a workers group called "Safety Circle" to advise them on work processes and safety related issues. The workers' activists provided input on the technical aspects to this group. This group by themselves conducted a raw form of safety audit of the plant and suggested some changes in the housekeeping and dust control methods. Eventually, not only did the production improve due to less breakdown of machinery but absenteeism also went down due to the dust free and clean environment.

### ***Enabling community chemistry***

A medium sized foundry was visited by a group of workers' activists to appraise them about the work culture. It found that in spite of being a dangerous workplace none of the workers were using any safety equipment like helmets, shoes, gloves or goggles. The gas cylinders were tilted to extract every last drop of gas and even accidents were not reported to the Factory Inspector by mutual consent between the workers and the management. The environment was full of heat and dust. In the course of informal discussions with the management it came out that the company had quality issues, high wastage due to spillage and accidents. The workers' activists called a meeting with workers and shop floor supervisors to seek their opinion on the state of affairs and elicit their interest in improving the situation. Through case studies and presentations the group was provided input on the importance of safety, participation and collective decision making process. A broad survey was undertaken on the loss to the company due to the above stated practices. In the end workers got motivated and participated in a joint exercise with management to improve the work culture. By the end of the financial year not only did the accident rates come down but also profits started to show. rates came down but also profit started showing up.

## Principle 5: Businesses should respect and promote human rights

### Brief Description

The principle recognizes that human rights are the codification and agreement of what it means to treat others with dignity and respect. Over the decades, these have evolved under the headings of civil, political, economic, cultural and social rights. This holistic and widely agreed nature of human rights offers a practical and legitimate framework for business leaders seeking to manage risks, seize business opportunities and compete in a responsible fashion.

The principle imbibes its spirit from the Constitution of India, which through its provisions of Fundamental Rights and Directive Principles of State Policy, enshrines the achievement of human rights for all its citizens. In addition, the principle is in consonance with the Universal Declaration of Human Rights, in the formation of which, India played an active role.

The principle takes into account the “Corporate Responsibility to Respect Human Rights”, as referred in the United Nations “Protect, Respect, Remedy” Framework.

### Core Elements

1. Businesses should understand the human rights content of the Constitution of India, national laws and policies and the content of International Bill of Human Rights. Businesses should appreciate that human rights are inherent, universal, indivisible and interdependent in nature
2. Businesses should integrate respect for human rights in management systems, in particular through assessing and managing human rights impacts of operations, and ensuring all individuals impacted by the business have access to grievance mechanisms.
3. Businesses should recognize and respect the human rights of all relevant stakeholders and groups within and beyond the workplace, including that of communities, consumers and vulnerable and marginalized groups.
4. Businesses should, within their sphere of influence, promote the awareness and realization of human rights across their value chain.
5. Businesses should not be complicit with human rights abuses by a third party.

## *Nurturing Development*

*An industrial house in India with a presence in key sectors of the Indian economy, including the financial services, trade and logistics, automotive components, information and infrastructure development, started a project in the year 1996 with a focused approach to provide primary education to the underprivileged girl child from economically disadvantaged strata of society.*

*To take the project to scale and provide 10 years of quality education to the girl child, the company's Education Trust entered into partnership with the state government and a leading NGO working in the education sector so as bring together the finest professionals and the government authorities. Reaching out to 36 000 girl children is the company's biggest success.*

*This has also enhanced the company's image among its key stakeholders, including its shareholders, customers, employees, and others. This is one of the causes of reduced attrition level since employees want to associate themselves with an organization that gives itself to the community. The programme has increased ten-fold in the past two years and has therefore achieved expected results.*

### *Solutions that touch lives*

*Of the some 70 million persons with disabilities in India (5-6 percent of India's population), only a handful have succeeded in obtaining employment. A Business Process Outsourcing (BPO) company recognized the need and proactively tapped different talent pools including hiring people with physical disability, having necessary skill sets to work in a BPO environment.*

*The unique objective of this initiative was to provide gainful employment to persons with disabilities without compromising on the quality. The company encourages people with disabilities to apply for positions with them and have suitably advertised: 'Persons with disability are encouraged to apply'. They also organise special recruitment drives solely targeted at increasing the representation of persons with disability among the workforce. They have developed specific standard recruitment/induction process to*

*ensure that persons with disability are inducted well into the company and provide the required assistance to them. This includes sensitization of team members of hearing impaired employees, and other special training, as required. They provide requisite facilities like ramps, accessible washrooms, special low floor cabs, sign language interpreter, and emergency preparedness plan etc to meet the needs of persons with disabilities. The company experienced a lowest attrition rate of 34.79% compared to the industry attrition rate of 70%.*

### ***Working for change***

*A collective action of 32 SMEs of a well known manufacturing and exports association has ensured elimination of “Child Labour” from their operations which were largely decentralized. Through their efforts, they have ensured sustainability of the project by engaging all stakeholders and addressing their needs. The Association supports governmental efforts in establishing and running schools for the emancipated children and others from the vulnerable section. Further, it facilitates tuition centres ensuring rehabilitation to the emancipated children. The association, with support from its members also ensures alternative income and access to finance to the beneficiary family by encouraging Self Help Groups and other Micro-finance tools. Through their efforts they have ensured that children who are emancipated from child labour do not go back to work and stay in school.*

## **Principle 6: Business should respect, protect, and make efforts to restore the environment**

### **Brief Description**

The principle recognizes that environmental responsibility is a prerequisite for sustainable economic growth and for the well being of society.

The principle emphasizes that environmental issues are interconnected at the local, regional and global levels which makes it imperative for businesses to address issues such as global warming, biodiversity conservation and climate change in a comprehensive and systematic manner.

The principle encourages businesses to understand and be accountable for direct and indirect environmental impacts of their operations, products and services and to strive to make them more environment friendly.

The Principle urges businesses to follow the precautionary principle and not go ahead with a particular action if it is unsure of its adverse impacts.

### **Core Elements**

1. Businesses should utilize natural and manmade resources in an optimal and responsible manner and ensure the sustainability of resources by reducing, reusing, recycling and managing waste.
2. Businesses should take measures to check and prevent pollution. They should assess the environmental damage and bear the cost of pollution abatement with due regard to public interest.
3. Businesses should ensure that benefits arising out of access and commercialization of biological and other natural resources and associated traditional knowledge are shared equitably.
4. Businesses should continuously seek to improve their environmental performance by adopting cleaner production methods, promoting use of energy efficient and environment friendly technologies and use of renewable energy
5. Businesses should develop Environment Management Systems (EMS) and contingency plans and processes that help them in preventing, mitigating and controlling environmental damages and disasters, which may be caused due to their operations or that of a member of its value chain
6. Businesses should report their environmental performance, including the assessment of potential environmental risks associated with their operations, to the stakeholders in a fair and transparent manner.
7. Businesses should proactively persuade and support its value chain to adopt this principle

## ***Linking natural resource management with sustainable development: Creating value for society***

*A cement manufacturing company in the country initiated the salinity mitigation programme in coastal regions of Gujarat to improve the condition of the natural resources available.*

*Under this project, the community members were mobilized for innovative water conservation projects by the company. This jointly conceptualized and implemented project also received funding assistance from the state government and other funding NGOs.*

*The company dealt with the problem from many angles. In areas where a seasonal river flowed, check dams were built to allow water to percolate down. The bottoms of fresh water wells were sealed so that saline water does not mix with fresh water. Modifications in agriculture, like growing of less water intensive crops, use of drip irrigation, promotion of horticulture were encouraged. For provision of drinking water, roof rain water harvesting structures were built.*

*The highlight of the project was in using simple, relatively inexpensive technology along with direct people's participation to solve a serious socio-economic and environmental problem. The project has benefited a total of*

*2181 households across 15 villages by raising the ground water levels in project villages by nearly 30 feet, interlinking water bodies/ ponds, greater ground water recharge, increased agricultural productivity as well.*

### ***Initiative towards Eco friendly process: Cleaner is Cheaper***

*A globally recognized integrated pharmaceutical (pharma) company based in Maharashtra with core competencies in the development and manufacture of APIs (active pharmaceutical ingredients) and finished dosage forms, as well as in drug discovery has been working towards making its process more energy efficient and reducing their environmental impacts.*

*As a part of its commitment towards sustainable development and conservation of the environment, the company has undertaken remarkable initiatives for effective utilization of energy resources and minimization & control of waste.*

*The company, through strategic process innovation in the manufacturing process of Cephalosporin, has achieved*

- A 40% reduction in the generation of hazardous waste; a 25% reduction in the effluent generated;*
- Reduced furnace oil consumption leading to reduction in sulphur emission;*
- Reduced electricity consumption by 95%;*
- Complete elimination of unrecoverable metals.*
- The total savings per annum have been calculated to the tune of INR 2.1 million, improving productivity by 55%.*

## **Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner**

### **Brief Description**

The principle recognizes that businesses operate within the specified legislative and policy frameworks prescribed by the Government, which guide their growth and also provide for certain desirable restrictions and boundaries.

The principle acknowledges that in a democratic set-up, such legal frameworks are developed in a collaborative manner with participation of all the stakeholders, including businesses.

The principle, in that context, recognizes the right of businesses to engage with the Government for redressal of a grievance or for influencing public policy and public opinion.

The principle emphasizes that policy advocacy must expand public good rather than diminish it or make it available to a select few.

### **Core Elements**

1. Businesses, while pursuing policy advocacy, must ensure that their advocacy positions are consistent with the Principles and Core Elements contained in these Guidelines.
2. To the extent possible, businesses should utilize the trade and industry chambers and associations and other such collective platforms to undertake such policy advocacy.

## **Principle 8: Businesses should support inclusive growth and equitable development**

### **Brief Description**

The principle recognizes the challenges of social and economic development faced by India and builds upon the development agenda that has been articulated in the government policies and priorities.

The principle recognizes the value of the energy and enterprise of businesses and encourages them to innovate and contribute to the overall development of the country, especially to that of the disadvantaged, vulnerable and marginalised sections of society.

The principle also emphasizes the need for collaboration amongst businesses, government agencies and civil society in furthering this development agenda.

The principle reiterates that business prosperity and inclusive growth and equitable development are interdependent.

### **Core Elements**

1. Businesses should understand their impact on social and economic development, and respond through appropriate action to minimise the negative impacts.
2. Businesses should innovate and invest in products, technologies and processes that promote the wellbeing of society.
3. Businesses should make efforts to complement and support the development priorities at local and national levels, and assure appropriate resettlement and rehabilitation of communities who have been displaced owing to their business operations.
4. Businesses operating in regions that are underdeveloped should be especially sensitive to local concerns.

***Entrepreneurial Development Project to Recreate a Lost Heritage*** A leading oil and gas sector company came across a proposal from the state government authorities in 2004, seeking support for preserving the dying art of traditional weaving. The company decided to undertake this project of reviving the dying art through organizing the community, arranging a corpus fund for sustainable livelihood, and empowering the weavers by providing financial support for promoting the products in the market. The company paid an amount of Rs 500 000 towards the corpus fund of Bunkar Vikas Sanstha. To strengthen the handloom based livelihoods in the area, financial services were proposed through the Apna Kosh and the company provided Rs

500 lakh as seed money to Apna Kosh, which offers credit services for agriculture loan, agri-allied loan, non farm sector loan and general purpose loan for consumption need etc.

The company had associated with this project since 2004 and the following achievements have been made:

- Sales turnover is growing from Rs 0.7 million in 2003/04, Rs 3.3 million in 2004/05, Rs 7 million plus in 2005/06, and 9 million plus in 2007/08.
- Business plan of 2007/08 was for Rs 15 million, which has direct sales (other than assured institutional sales) of more than 30%.
- Forty self-help groups with good overall track record of microfinance were short listed for the proposed CBMFI (community-based microfinance institute)

### ***Principle VIII (Inclusive Growth – MSME caselet)***

#### ***Title: Creating Value for Society***

A service sector SME providing outsourced product engineering has created learning opportunities for the under privileged children in two cities where it operates by establishing partnerships with local NGOs. This initiative has been facilitated by a voluntary cross functional CSR arm of the company. The company while utilizing its core competencies in product solutions has involved itself with a renowned Chamber of Commerce which brings together, volunteers willing to donate time to the needy. Through the use of ICT services along with a programme on Computer Literacy, they offer a range of tailored courses on IT and its applications.

### ***Taking the community along: Micro-Vendor Development Programme***

*The company, with its core strengths in oil and gas exploration has been undertaking sustainable development initiatives to address the village communities' livelihood concerns. It launched the micro-vendor development programme, with the aim of building the capacities of the local communities to aid the company's supply chain and in turn, help the village benefit from the programme.*

*A cross-functional CR team was set up to provide technical assistance and advisory services to local entrepreneurs, which helped in integrating the programme with the overall business operations at the plant. Consultations and stakeholder engagement processes were carried out with community members, village Panchayats, district administration, local financial institutions, to ensure stakeholder participation. Willing entrepreneurs were provided training and capacity building on financial planning, taxation, bookkeeping, quality control and assurance, and cost competitiveness. The tender process was carried out under the guidance of the CR team and contracts were awarded to the most competitive bids.*

*Since 2005, till 2008, contracts worth over 4.5 crores INR have been awarded to the 29 micro-vendors and many have even secured contracts from other corporations in the region due to their experience with the company. As a ripple effect of the programme, jobs were created. Factors such as market oriented approach rather than altruism and philanthropy, in addition to appropriate training, capacity building, and development of entrepreneurship have led to the programme achieving success and sustainability.*

#### ***Towards a better tomorrow***

*A food manufacturing and processing SME provides free education to the under privileged children of the local community in a remote and backward district of Maharashtra through the Urdu High School built and run by the enterprise. The programme has created an impact in developing awareness among the local community on the importance of higher education. It has further facilitated mainstream education among students of a local Madarsa run by the company. The company is now reaching out to set up an industrial and vocational training centre to equip the local youth with skill sets for better livelihood opportunities.*

## ***Enabling bottom up development***

*An Indian infrastructure Company has adopted the vision to 'build entrepreneurial organizations that make a difference to society through creation of value'. The company was recognized for its efforts in rehabilitating the project affected families by providing vocational training to youth around a newly commissioned metro city airport.*

*The company undertook surveys and 'awareness melas' to reach out to a large number of unskilled and less educated youth including girls in the surrounding villages who were not engaged in any meaningful profession or work.*

*Various training courses started in 2006 when the airport construction work was going on. The surveys helped to ascertain the educational and aspirational levels of the youth in the area. The company also initiated partnerships with industry partners to help these young people get jobs. The initiative has employed the youth in the airport project and is now providing technically skilled manpower to other companies and improving the employability of the local youth.*

## ***Promoting community health and welfare***

*A company, with a major presence in the metals, retail, life insurance sectors, initiated a project called 'Health for All' to provide quality health services to the local community and strengthen the government delivery mechanism, thereby improving the condition of the underprivileged community.*

*The dedicated team, including the hospital staff, made an assessment in the villages and an action plan was accordingly prepared for the next five years. Budget allocation was defined on a yearly basis and various other programmes were linked to the project.*

*Under this project, a mega eye camp, family planning camp, multispecialty camp, and weekly medical camp were organized. Moreover, immunization against Hepatitis B, MMR, polio, and typhoid was made available to children and pregnant women. The company also supported government-sponsored health facilities in terms of infrastructure and equipment. Round-the-clock medical facilities, including ambulance facility has been made available to the local community.*

*The project was designed with participation from the local community. During the course of the project, various groups, such as the village health committee and farmer association were formed, which now act as peer monitoring groups for the community and also generate accountability of service providers to provide health services on a regular basis. These groups review the health status regularly.*

## **Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner**

### **Brief Description**

This principle is based on the fact that the basic aim of a business entity is to provide goods and services to its customers in a manner that creates value for both.

The principle acknowledges that no business entity can exist or survive in the absence of its customers.

The principle recognizes that customers have the freedom of choice in the selection and usage of goods and services, and that the enterprises will strive to make available goods that are safe, competitively priced, easy to use and safe to dispose off, for the benefit of their customers.

The principle also recognizes that businesses have an obligation to mitigating the long term adverse impacts that excessive consumption may have on the overall well-being of individuals, society and our planet.

### **Core Elements:**

1. Businesses, while serving the needs of their customers, should take into account the overall well-being of the customers and that of society.
2. Businesses should ensure that they do not restrict the freedom of choice and free competition in any manner while designing, promoting and selling their products.
3. Businesses should disclose all information truthfully and factually, through labelling and other means, including the risks to the individual, to society and to the planet from the use of the products, so that the customers can exercise their freedom to consume in a responsible manner. Where required, businesses should also educate their customers on the safe and responsible usage of their products and services.
4. Businesses should promote and advertise their products in ways that do not mislead or confuse the consumers or violate any of the principles in these Guidelines.
5. Businesses should exercise due care and caution while providing goods and services that result in over exploitation of natural resources or lead to excessive conspicuous consumption.
6. Businesses should provide adequate grievance handling mechanisms to address customer concerns and feedback.

## Chapter 3 : Guidance on Implementation of Principles And Core Elements

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Successful implementation of the Principles and Core elements that this Guideline provides require that all of them need to be integrated and embedded in the core business processes of an enterprise. This requires, specifically that the following actions are taken:

**Leadership** – The Chairman/CEO/Owner-Manager should play a proactive role in convincing the board/Top Management and staff within the business that adopting these principles is crucial for success. The board and senior management need to ensure that the principles are fully understood across the organization and comprehensively executed.

**Integration** – These principles and core elements must be embedded in the Business policies and strategies emanating from the core business purpose of the organization. *For this to happen, these must align with each business's internal values and/or must provide clear business benefits.*

**Engagement** – Building strong relationships and engaging with stakeholders on a consistent, continuous basis is crucial.

**Reporting:** Implementation process includes disclosure by companies of their impact on society an environment to their stakeholders.

### ***Determining the Business Case***

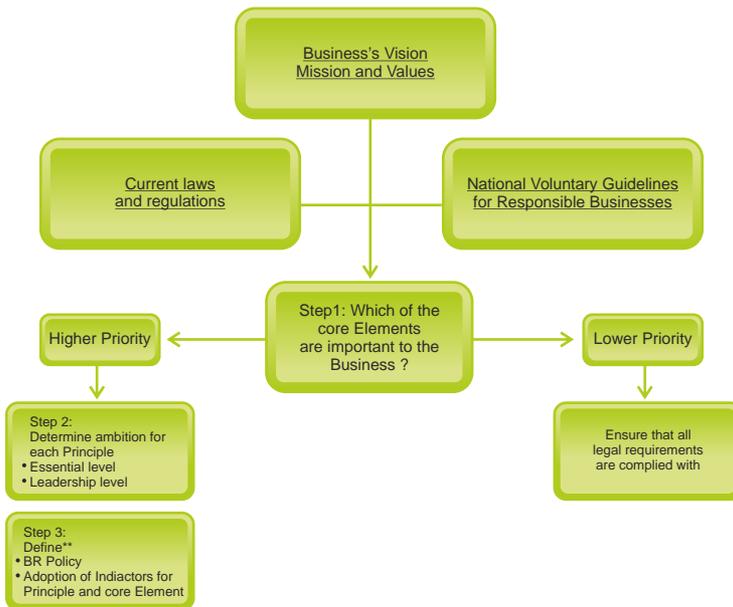
It is critical for each business to assess how adoption for these Guidelines will provide a business benefit – in the short term as well as in the long term. To help businesses determine this, they may use a tool called a Business Case Matrix, provided in **Annexure A** Every business should develop such a matrix for its own context for each Core Element, and thus determine which of these are important to it.

## Adopting the Guidelines: A suggested approach

The flowchart in Figure 1 suggests an approach that a business can take to adopt these Guidelines.

It may be noted that the Guidelines assume that compliance with the laws of the land is necessary for a business to operate, and this is non-negotiable. Thus, even if a business finds that some Core Elements are not important for it, their minimum performance with respect to these has to be full compliance with these laws and regulations of the country.

**Figure 1**  
*Adopting the Guidelines: A Suggested Approach*



Priority may be determined by their alignment with internal values and business benefits. The latter may be determined using the Business Case Matrix described in the next section.

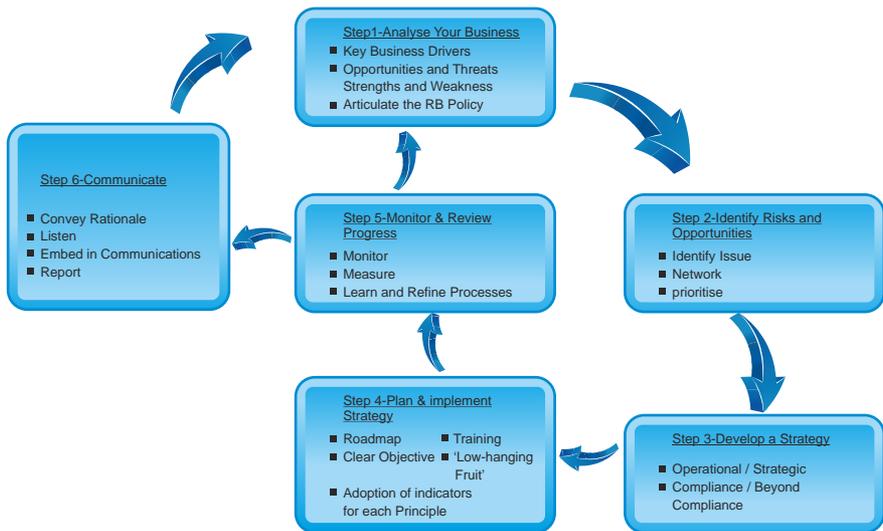
\*\* The RB Policy and Indicators are crucial in determining the RB Strategy. The steps to develop such a strategy are outlined later in this chapter.

## Developing a Strategy for Responsible Business

To begin with, these principles need to be incorporated into a Strategy for Responsible Business. The diagram below (Figure 1) outlines the six generic steps in building and executing such a strategy:

**Figure 2**  
*Six Steps for Building A Strategy for Responsible Business (RB)*

### Steps Towards Responsible Business



*Source: Adapted from Developing Value published by Sustainability and International Finance Corporation*

## Indicators

Indicators are metrics that enable businesses to self-monitor their progress on implementation of the principles. Indicators have been added as a separate part in the chapter to aid business to implement the Principles and Core Elements contained in these Guidelines and also to enable stakeholders to evaluate the extent of the implementation.

The Indicators are categorized as “Essential” and “Leadership”. While the essential level is expected from every business that has adopted these Guidelines, the leadership level indicators are expected to be put into place by those businesses which aspire to progress to a higher level in their quest to be socially, environmentally and ethically responsible.

These indicators are applicable to all the Principles and Core Elements. However, these indicators are not exhaustive. Businesses are encouraged to develop their own context-specific indicators to suit their unique requirements as they focus on the implementation of the principles.

	<b>Essential Indicators</b>	<b>Leadership Indicators</b>
<b>Commitment of Top Management and supportive governance structure</b>	<i>The top management has developed an understanding of the principles and core elements as well as the issues involved therein and ensured its deployment across the business through appropriate action, regular review and guidance.</i>	<i>There are specified Committees /Sub-Committees in the governance structure responsible for implementation of these Guidelines. The issues related therein are regularly reviewed at the governance level.</i>
<b>Policy deployment and Process management</b>	<i>The business has established a policy related to the Principles and has put into place processes and process owners for implementation.</i>	<i>The business has developed a Code of Conduct or has adopted nationally or internationally recognized Standards/global best practices with respect to the Principles and Core Elements. Based on this, the business has an identified strategy along with the relevant processes for implementation of the adopted Codes/Standards/Practices.</i>

<b>Sensitization and training</b>	<i>The business sensitizes its managers and employees through awareness and training so that they are able to understand and work according to the processes laid down above.</i>	<i>The business demonstrates its leadership by sensitizing (through regular and systematic training and awareness) not only the employees and managers but all the stakeholders including those within its supply chain as well as outside, on various aspects of corporate responsibility.</i>
<b>Stakeholder engagement</b>	<i>The business identifies and engages with its priority stakeholders for implementing these Guidelines.</i>	<i>The business systematically identifies all its stakeholders including within its supply chain and engages with them on various aspects of these Guidelines.</i>
<b>Monitoring and Evaluation</b>	<i>The business undertakes self-assessment and review of its performance on various principles and core elements.</i>	<i>The business undertakes third party assessment, verification and impact analysis of its performance on various principles and core elements. Where applicable the codes/ standards/practices adopted by the business would be regularly audited.</i>
<b>Analysis and improvement</b>	<i>The business identifies and records critical deviations from the laid down processes and takes them up for corrective actions.</i>	<i>All deviations from the laid down processes are recorded, analyzed and taken up for process correction as well as mitigation of any loss/damage to the enterprise and its stakeholders.</i>
<b>Continuous innovation</b>	<i>The business engages in continuous improvement keeping the growing expectations of stakeholders in mind.</i>	<i>The business focuses on innovation in products, processes and methods of stakeholders' engagement, so as to continuously improve its performance on all business processes that impact the principles and core elements.</i>
<b>Disclosure</b>	<i>The business discloses its performance on Principles and core elements to priority stakeholders.</i>	<i>The business discloses its performance, including deviations and corrective actions, to the wider public.</i>

## Chapter 4: Application of Guidelines to Micro, Small and Medium Enterprises (MSMEs)

Widely regarded as the backbone of the Indian economy, the MSME sector<sup>1</sup> is highly diverse and heterogeneous in its structure. The enterprises range from an entity having just a single self-employed person to the one employing hundreds of people; and from the one supplying goods to a next door neighbour, to the one producing high-tech goods for global supply chains. The framework of these Guidelines and the extent to which they are applicable to such a sector needs to be understood in the context of the realities of these enterprises.

A major part of the Indian MSME sector is 'local' in its operations and outlook. Yet it impacts the environment and society in its own way, despite the small numbers of its employees, the localized buyers and the confined surroundings of its place of business.

Due to the increasing integration of the Indian economy with the global economy, especially during the last decade, enterprises of all sizes have been gradually exposed to global competition. Global buyers are basing their sourcing decisions not only on traditional commercial considerations such as price, quality and delivery commitments, but also on compliance with social and environmental norms in the workplace, covering, for instance, health and safety, social equity in employment and production, and ecological compatibility of products and processes. Many Indian buyers too are beginning to incorporate these requirements into their purchasing decisions. MSMEs not sensitive to these expectations run a serious risk of isolation and rejection by buyers as well as consumers, whereas those that are responsive to these expectations might find new business opportunities opening up for them.

The need for responding to rising social and environmental concerns is being realized increasingly by the MSME sector but the multiplicity of prevailing codes is an impediment. The present Guidelines aim to provide coherence in expectations and obviate the need for multiple codes on social and environmental concerns. The principles and core elements of these Guidelines are size neutral and are equally applicable to the MSME sector.

The Guidelines Drafting Committee has been sensitive to the fact that to be effective and have wider acceptance among MSMEs, the Responsible Business practices need to be grounded in the context within which MSMEs operate in India. Many MSMEs, particularly the micro enterprises, may genuinely lack resources and capacity to adopt and integrate the Guidelines. Their business

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<sup>1</sup> As per the MSME Development Act 2006, MSMEs are defined on the basis of investment in plant and machinery having further different slabs for manufacturing and service units.

environment may also be discouraging a responsible enterprise. Hence, promoting Responsible Business practices among MSMEs may necessitate a multi-pronged approach which should include:

- Facilitating MSMEs to recognize the business case for adopting Responsible Business practices
- Preference by public agencies and large players in value chains to MSME suppliers that follow BR practices
- Handholding MSMEs during the adoption of the Guidelines

The public agencies as well as large enterprises may catalyze the process further by supporting collective initiatives of the MSMEs in clusters. The capacity of the MSME associations could be built for awareness creation and to carry out collective initiatives.

These Guidelines suggest that the Principles and Core elements outlined in this document are integral to business strategy and operations. The set of essential Indicators, appended with these Guidelines, is to facilitate enterprises of all sizes to measure progress of implementation. But the MSMEs are encouraged to customize the processes and indicators in their unique context. The board or 'top management', for example, in an MSME may be just the owner- manager or the partner.

### **Indian MSME Sector at a Glance**

- Number : 26 Million
- Employment : 60 Million
- Contribution : 40% to Industrial Production; 45% of Exports; 9 % of GDP
- Type : 97% are partnership or proprietorships
- Status : 94% are unregistered

In Industrial growth consistently outperforms large corporate sector by 2%

# Chapter 5: Business Responsibility Reporting Framework

## Introduction:

The basic aim of these business responsibility Guidelines is twofold, firstly to help businesses to use their entrepreneurship to effectively contribute to the economic and social betterment of communities and secondly to make their operations sustainable in a manner that enables them to meet their current needs without compromising the needs of the future generation. One of the critical aspects of Responsible Business practices is that businesses should not only be responsible but they should also be seen as socially, economically and environmentally responsible. While the Guidelines encompassing nine Principles and related Core Elements identify the areas where responsible practices need to be adopted, the Reporting Framework provides a standard disclosure template which can be used by businesses to report on their performance in these areas.

The objective of incorporating this framework in these Guidelines is to help businesses to reach out to their stakeholders with necessary information and data demonstrating the adoption of these Guidelines. Through such reporting, they will also be able to encourage their stakeholders to have a more meaningful engagement with the business rather than the often-prevalent one-sided expectational engagement. During the process of reporting, it is expected that businesses will also develop a better understanding of the process of transformation that makes their operations more responsible. These Business Responsibility (BR) reports will also help in identifying some of the best practices that can serve as guidance models.

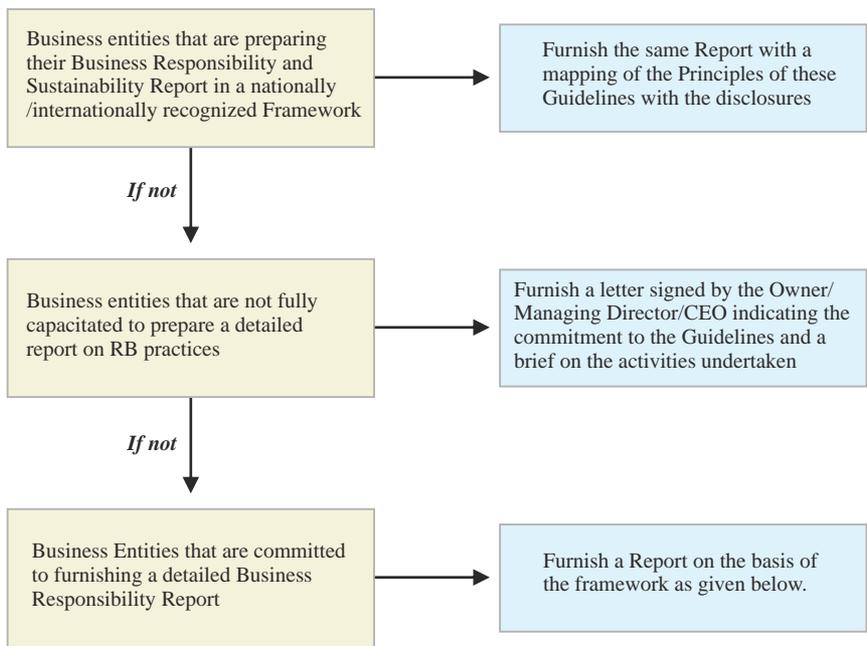
In the context of BR reporting, it is appreciated that there are three categories of businesses as under:

- Business entities already preparing responsibility and sustainability reports based on internationally accepted reporting frameworks
- Business entities that have chosen to adopt these Guidelines completely or in part, but are not yet fully capacitated to prepare a comprehensive BR report
- Business entities that would like to prepare comprehensive reports after adopting these Guidelines

The Reporting Framework, accordingly, suggests different approaches that may be adopted by the three categories of entities. The first category of entities may not prepare a separate report for the purpose of these Guidelines but furnish the same to their stakeholders along with the details of the framework under which their BR report has been prepared and a mapping of the nine principles contained in this Guideline to the disclosures made in their BR reports.

The second category of entities may furnish a simple communication to their stakeholders indicating their commitment to adoption on these Guidelines in full or in part, and basic details of the activities undertaken in pursuance to these Guidelines. The communication may be in a free format and should be signed by the owner/Managing Director of the CEO of the entity. Such entities are encouraged to see the suggested framework for the third category and upgrade their BR communication on a progressive and continuous basis.

For the entities in the third category, the BR reporting framework (see after the flowchart) is suggested. This framework identifies certain basic parameters on which the businesses can disclose their performance so as to demonstrate their adoption of these Guidelines in letter and spirit. It has been divided into two parts- Part A incorporates the basic information about the operations of the business entity so that their BR report can be a self contained document and Part B incorporates the performance indicators for different Principles and Core Elements. While designing this framework the reporting frameworks being used, both nationally and internationally, have been taken into account. The Framework has been kept simple so that it also caters to the requirements of the SME sector.



## **Business Responsibility Report - Suggested Framework**

### **Part -A**

Part A of the report includes basic information and data about the operations of the business entity so that the reading of the report becomes more contextual and comparable with other similarly placed businesses. It may be written in a free format incorporating at least the following:

#### **A-1**

- Basic details of the business – Name; nature of ownership; details of the people in top management; location of its operations - national and international; products and services offered; markets served;
- Economic and Financial Data – Sales; Net Profit; Tax Paid; Total Assets; Market Capitalization(for listed companies); number of employees;

#### **A-2**

- Management's Commitment Statement to the ESG Guidelines
- Priorities in terms of Principle and Core Elements
- Reporting Period/Cycle
- Whether the report is based on this framework or any other framework
- Any Significant Risk that the business would like its stakeholders to know
- Any Goals and Targets that were set by the top management for improving their performance during the Reporting Period

### **Part -B**

Part-B of the report incorporates the basic parameters on which the business may report their performance. Efforts have been made to keep the reporting simple keeping in view the fact that this framework is equally applicable to the small businesses as well. The report may be prepared in a free format with the basic performance indicators being included in the same. In case the business entity has chosen not to adopt or report on any of the Principles, the same may be stated along with, if possible, the reasons for not doing so.

#### **B-1**

Principle 1 – Ethics, Transparency and Accountability

- Governance structure of the business, including committees under the Board responsible for organizational oversight. In case no committee is constituted, then the details of the individual responsible for the oversight
- Mandate and composition (including number of independent members and/or non-executive members) of such committee with the number of oversight review meetings held.
- State whether the person/committee head responsible for oversight review is independent from the executive authority or not. If yes, how.
- Mechanisms for shareholders and employees to provide recommendations or direction to the Board/ Chief Executive.
- Processes in place for the Board/ Chief Executive to ensure conflicts of interest are avoided.
- Internally developed statement on Ethics, Codes of Conduct and details of the process followed to ensure that the same are followed
- Frequency with which the Board/ Chief Executive assess BR performance.

### **Principle 2 – Products Life Cycle Sustainability**

- Statement on the use of recyclable raw materials used
- Statement on use of energy-efficient technologies, designs and manufacturing/ service-delivery processes
- Statement on copyrights issues in case of the products that involve use of traditional knowledge and geographical indicators
- Statement on use of sustainable practices used in the value chain

### **Principle 3 – Employees' well-being**

- Total number of employees with percentage of employees that are engaged through contractors
- Statement on non-discriminatory employment policy of the business entity
- Percentage of employees who are women
- Number of persons with disabilities hired
- Amount of the least monthly wage paid to any skilled and unskilled employee
- Number of training and skill up-gradation programmes organized during the reporting period for skilled and unskilled employees

- Number of incidents of delay in payment of wages during the reporting period
- Number of grievances submitted by the employees

#### **Principle 4 – Stakeholder Engagement**

- Statement on the process of identification of stakeholders and engaging with them
- Statement on significant issues on which formal dialogue has been undertaken with any of the stakeholder groups

#### **Principle 5 – Human Rights**

- Statement on the policy of the business entity on observance of human rights in their operation
- Statement on complaints of human rights violations filed during the reporting period

#### **Principle 6 – Environment**

- Percentage of materials used that are recycled input materials
- Total energy consumed by the business entity for its operations
- Statement on use of energy saving processes and the total energy saved due to use of such processes
- Use of renewable energy as percentage of total energy consumption
- Total water consumed and the percentage of water that is recycled and reused
- Statement on quantum of emissions of greenhouse gases and efforts made to reduce the same
- Statement on discharge of water and effluents indicating the treatment done before discharge and the destination of disposal
- Details of efforts made for reconstruction of bio-diversity

#### **Principle 7 – Policy Advocacy**

- Statement on significant policy advocacy efforts undertaken with details of the platforms used

#### **Principle 8 – Inclusive Growth**

- Details of community investment and development work undertaken indicating the financial resources deployed and the impact of this work with a longer term perspective

- Details of innovative practices, products and services that particularly enhance access and allocation of resources to the poor and the marginalized groups of the society

### **Principle 9 – Customer Value**

- Statement on whether the labeling of their products has adequate information regarding product-related customer health and safety, method of use and disposal, product and process standards observed,
- Details of the customer complaints on safety, labeling and safe disposal of the products received during the reporting period

### **Part -C**

Part C of the report incorporates two important aspects on BR reporting. Part C-1 is a disclosure on by the business entity on any negative consequences of its operations on the social, environmental and economic fronts. The objective is to encourage the business to report on this aspect in a transparent manner so that it can channelize its efforts to mitigate the same. Part C-2 is aimed at encouraging the business to continuously improve its performance in the area of BR.

#### **C-1**

- Brief Report on any material/significant negative consequences of the operations of the business entity

#### **C-2**

- Brief on Goals and Targets in the area of social, environmental and economic responsibilities that the business entity has set for itself for the next Reporting Period

## Annexure

### Annexure A : The Business Case for following the Guidelines for the Social Environmental and Economic Responsibilities for Business

Principle	Revenue growth and market access	Cost savings and productivity	Access to capital	Risk management/ license to operate	Human capital	Brand value/ reputation
1. Ethics, transparency, accountability	New customers Business partner of choice	Reduced cost of ambiguity Reduced litigation	Attractive to investors, banks Attractive to financial markets	Positively seen by communities, NGOs, local governments, regulators	Attract and retain employees	Positively seen by customers, regulators, media
2. Safe and sustainable goods and services	New customers Customer loyalty	Efficiency gains across the value chain – procurement, production distribution, after-sales	Investors feel assured that liability issues are minimized. Sustainable production attracts	Reduced risk of action from regulators and NGOs	Employee morale is high due to working to improve the quality of life of customers/c omunity	Better brand identity New found USP
3. Well-being of employees	Business partner of choice	Increased productivity High morale Less absenteeism		Improved labour relations leading to less disruptions	Attract and retain employees Reduced tardiness & absenteeism	Employer of choice
4. Responsiveness to all stakeholders	Responsive to customer demands/ needs/ wants leads to increase in market share; The ability to function in the long-term is improved to being responsiveness.	Efficiency gains across the value chain – procurement, production distribution, after-sales	Attractive to investors, banks Attractive to financial markets	Positively seen by communities, NGOs, local governments, regulators	People drawn to work for a sensitive employer	Positively seen by customers, regulators, media Enhances corporate cache
5. Promoting Human rights	Business partner of choice	Minimized litigation	Attractive to investors, banks Attractive to financial markets	Positively seen by communities and NGOs Lower risk of non-compliance	Employees/ talent attracted by firm that is committed to the dignity of all.	Positively seen by customers, regulators, media

<b>6. Protecting the Environment</b>	Business partner of choice Sustainability oriented buyers will prefer to deal with organization	Lower operating costs in the long term Less danger of "externalities" emerging as liabilities.	Attractive to investors, banks Attractive to financial markets	Positively seen by communities, NGOs, local governments, regulators Lower risk of non-compliance	Talent is drawn to the firm due to its commitment to the well-being of the planet.	Positively seen by customers, regulators, media
<b>7. Responsible policy advocacy</b>	Growth stimulated due to openness and trust	Blunt the possibility of others using policy to stymie business.	Openness will attract investors committed to good governance	Positively seen by civil society	People drawn to work for an open firm.	Positively seen by customers, regulators, media
<b>8. Supporting inclusive development</b>	New customers Market expansion Innovative thinking stimulated	New models will emerge to impact cost savings	Newer sources of funding such as social venture funds	Enhanced governmental support to initiatives -cordial relations with stakeholders conducive for business growth.	Potential source of trained employees	Positively seen by customers, regulators, media
<b>9. Providing value to customer</b>	New customers Customer loyalty	New markets brought into fold	Investors back a growing firm	Lower risk of consumer action	Talent will be drawn towards growing firm	Customers perceive brand and firm favourably

## Annexure B: Resources

1. Agenda for Affirmative Action by FICCI
2. Business and the Millennium Development Goals: A Framework of Action by IBLF
3. Constitution of India
4. Corporate Action Plan on Climate Change by TERI BCSD India
5. Corporate Responsibility: Private Initiatives and Public Goals by OECD
6. Draft Indian Standard on Guidance on Good Governance by Bureau of Indian Standards
7. Final Draft ISO 26000: International Standard
8. Global Reporting Initiative (GRI) G3 Guidelines
9. Guidelines on Corporate Governance for Central Public Sector Enterprises; 2007 by Government of India, Ministry of Heavy Industries and Public Enterprises, Department of Public Enterprises
10. Guidelines on CSR for Public Sector Undertakings: March 2010
11. Indian Companies with Solutions that the World Needs: Sustainability as a Driver for Innovation and Profit by WWF and CII-ITC CESD
12. International Covenants on Civil & Political Rights and Economic, Social & Cultural Rights
13. Meeting Changing Expectations: Corporate Social Responsibility by WBCSD
14. National Action Plan on Climate Change
15. Prime Minister's 10 Point Charter
16. Proposed Concrete Steps by Indian Industry on Affirmative Action for Scheduled Castes & Scheduled Tribes: A CII-ASSOCHAM Action Plan
17. Public Sector Roles in Strengthening Corporate Social Responsibility by The World Bank
18. Reports of the UN Special Representative on Business and Human Rights
19. Social Code for Business by UNDP and CII
20. Stakeholder Engagement: A Good Practice Handbook for Companies Doing Business in Emerging Markets by IFC
21. Strengthening Implementation of Corporate Social Responsibility in Global Supply Chains by IFC
22. Towards Responsible Lobbying : Leadership and Public Policy by Accountability and the Global Compact
23. Universal Declaration of Human Rights
24. "Developing Value" by Sustainability and IFC.

## Annexure C: Indicative List of Relevant Laws & Acts Mapped Against Principles

→ Principles (briefs)	Principle 1 Ethics, Transparency & Accountability	Principle 2 Safe and Sustainable goods & services	Principle 3 Well – being of Employees	Principle 4 Responsiveness to all Stakeholders	Principle 5 Promoting Human Rights	Principle 6 Protecting the Environment	Principle 7 Responsible Policy Advocacy	Principle 8 Supporting Inclusive Development	Principle 9 Providing Value to Customer
↓ List of Laws (Indicative) <sup>1</sup>									
Industrial Disputes Act, 1947	✓		✓		✓		✓		
Factories Act, 1948	✓		✓		✓		✓		
Companies Act, 1956	✓			✓			✓		
Trade Union Act, 1956			✓		✓		✓		
Equal Remuneration Act, 1976	✓		✓		✓				
Bureau of Indian Standards Act, 1986		✓					✓		✓
Consumer Protection Act, 1986		✓	✓						✓
Environment (Protection) Act, 1986	✓	✓		✓		✓	✓		
Prevention of Corruption Act, 1988	✓			✓			✓		
Public Liability Insurance Act, 1991	✓		✓			✓		✓	✓
National Commission for Backward Classes Act, 1993			✓		✓			✓	
Persons with Disabilities (Equal Opportunities, Protection of Rights and Full Participation) Act, 1995	✓		✓		✓		✓	✓	
Trade Marks Act, 1999		✓					✓		✓
Juvenile Justice (Care and Protection of Children) Act, 2000			✓		✓		✓		✓
Designs Act, 2000		✓					✓		✓
New Competition Act, 2002	✓						✓	✓	✓
Prevention of Money Laundering Act, 2002	✓								
National Commission for Minority Educational Institutions Act, 2004							✓	✓	
Commissions for Protection of Child Rights Act, 2005			✓		✓		✓		
National Rural Employment Guarantee Act, 2005							✓	✓	
Right to Information Act, 2005	✓		✓	✓			✓		
Protection of Women from Domestic Violence Act, 2005					✓		✓		
Micro, Small and Medium Enterprises Development Act, 2006								✓	
The Scheduled Tribes and Other Traditional Forest Dwellers (Recognition of Forest Rights) Act, 2006				✓	✓		✓	✓	
Protection of Human Rights (Amendment) Act, 2006			✓		✓		✓		
Rehabilitation and Resettlement Bill, 2007	✓	✓		✓	✓	✓	✓	✓	
Land Acquisition (Amendment) Bill, 2007	✓	✓		✓	✓	✓	✓	✓	

<sup>1</sup> Arranged chronologically; this matrix is only an indicative/suggestive mapping of each of the principles against the laws enacted in the country.

→ <i>Principles</i> (briefs) ↓ <i>List of Laws</i> (indicative) <sup>1</sup>	<i>Principle 1</i> Ethics, Transparency & Accountability	<i>Principle 2</i> Safe and Sustainable goods & services	<i>Principle 3</i> Well – being of Employees	<i>Principle 4</i> Responsiveness to all Stakeholders	<i>Principle 5</i> Promoting Human Rights	<i>Principle 6</i> Protecting the Environment	<i>Principle 7</i> Responsible Policy Advocacy	<i>Principle 8</i> Supporting Inclusive Development	<i>Principle 9</i> Providing Value to Customer
Hazardous Waste (Management, Handling and Transboundary Movement) Rules, 2008	✓	✓	✓	✓		✓		✓	✓
The Information Technology (Amendment) Act, 2008	✓	✓			✓			✓	✓
Laws in 'Section A' * (Labour Laws)			✓		✓		✓		
Laws in 'Section B' ** (Environmental Laws)						✓	✓		
Laws in 'Section C' *** (Economic/Finance Laws)							✓	✓	

* 'Section A'	***'Section B'
Workmen's Compensation Act, 1923	Wildlife Protection Act, 1972
Children (Pledging of Labour) Act, 1933	Water (Prevention and Control of Pollution) Act, 1974
Payment of Wages Act, 1936	Water (Prevention and Control of Pollution) Cess Act, 1977
Industrial Employment (Standing Orders) Act, 1946	Air (Prevention and Control of Pollution) Act, 1981
Employees State Insurance Act, 1948	Forest (Conservation) Act, 1980 – Amendments in 1988
Minimum Wages Act, 1948	National Environment Tribunal Act, 1995
Employees Provident Fund and Miscellaneous Provisions Act, 1952	National Environmental Appellate Authority Act, 1997
Maternity Benefits Act, 1961	Energy Conservation Act, 2001
Payment of Bonus Act, 1965	Coastal Aquaculture Authority Act, 2005
Contract Labour (Regulation & Abolition) Act, 1970	Special Economic Zones Act, 2005
Payment of Gratuity Act, 1972	
Bonded Labour System (Abolition) Act, 1976	
Inter- State Migrant Workmen (Regulation of Employment and Conditions of Service) Act, 1979	
Child Labour (Prohibition & Regulation) Act, 1986	
Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996	
Vishaka v. State of Rajasthan, (1997) 6 SCC 241	
*** 'Section C'	
Essential Commodities Act, 1955	
Union Duties of Excise (Distribution) Act, 1979	
Central Excise Tariff Act, 1985	
Customs (Amendment) Act, 1985	
Taxation Laws (Amendment and Miscellaneous Provisions) Act, 1986	
Direct Tax Laws (Amendment) Act, 1988	
Foreign Trade (Development and Regulation) Act, 1992	
Securities and Exchange Board of India Act, 1992	
Customs and Central Excise Laws (Repeal) Act, 2004	
National Tax Tribunal Act, 2005	

## Annexure D: Endnotes- Suggested Description and Explanation of Terms

<sup>1</sup>**Ethical Behaviour:** individual or collective behaviour that is in accordance with accepted written and / or unwritten codes of principles and values that govern decisions, actions and conduct within a business in the context of a particular situation and is consistent with accepted norms of behaviour

*Adapted from Final Draft ISO 26000 and*

[http://business.lovetoknow.com/wiki/A\\_Definition\\_for\\_Business\\_Ethics](http://business.lovetoknow.com/wiki/A_Definition_for_Business_Ethics)

<sup>2</sup>**Transparency:** It is defined as openness about decisions and activities that affect society, the environment and the economy and the willingness of businesses to communicate information in clear, accurate, honest timely and complete manner.

<sup>3</sup>**Accountability:** Principle that organizations are responsible for their actions and may be required to explain them to others.

*Adapted from IS 16001:2007*

<sup>4</sup>**Disclosure:** Disclosure is the practice of measuring, reporting, and being accountable to internal and external stakeholders so as to provide a balanced and reasonable representation of performance.

*Adapted from GRI G3 Guidelines*

<sup>5</sup>**Stakeholder:** Individual or group concerned or interested with or impacted by the activities of the businesses and vice-versa, now or in the future.

*Adapted from IS 16001:2007*

<sup>6</sup>**Governance:** Governance concerns itself with "how" an organization makes decisions, how it operates to achieve its objectives and how stakeholders have their say in the processes.

*Adapted from [http://www.pgaframework.org/pgaframework\\_pgadiagnostic.asp](http://www.pgaframework.org/pgaframework_pgadiagnostic.asp)*

<sup>7</sup>**Value Chain:** Value chain refers to both the supply chain (described above) as well as the value created by the distributed channel for end use customers.

*Adapted from "Unchaining Value" Published by SustainAbility*

<sup>8</sup>**Anti-competition:** Actions that cause or are likely to cause appreciable adverse effects on free and fair competition within a country.

*Adapted Competition Commission of India*

<sup>9</sup>**Disclosure:** Disclosure is the practice of measuring, reporting, and being accountable to internal and external stakeholders so as to provide a balanced and reasonable representation of performance.

*Adapted from GRI G3 Guidelines*

<sup>10</sup>**Complicity:** Complicity refers to involvement of the business in violations of any of the principles and core elements by third parties connected with its operations. It is generally made up of the following elements:

- An action or omission (failure to act) by a company, or individual representing a company, that 'helps' (facilitates, legitimises, assists, encourages, etc.) another, in some way, to perpetrate a violation;
- The company was or should have been aware that its action or omission could provide such help.
- Complicity may be direct, beneficial or silent.

*Adapted from the United Nations High Commissioner for Human Rights; e-learning module*

<sup>11</sup>**Sustainability:** The outcome achieved by balancing the social, environmental and economic impacts of business. It is the process that ensures that business goals are pursued without compromising any of the three elements.

<sup>12</sup>**Product Life Cycle:** This refers to all the stages of a product from extraction or acquisition of raw materials through manufacturing and processing, distribution and transportation, use and reuse, recycling and disposal. In the case of services, it refers to all activities and processes from the design to delivery.

*Adapted from World Business Council for Sustainable Development*

<sup>13</sup>**Environment:** Natural surroundings in which an organization operates, including air, water, land, natural resources, flora, fauna, people, outer space and their interrelationships.

*NOTE Surroundings in this context extend from within an organization to the global system.  
Adapted from Final Draft ISO 26000*

<sup>14</sup>**Customer:** A person or business that buys goods or services produced by another person or business.

*Adapted from [www.investorword.com](http://www.investorword.com)*

<sup>15</sup>**Consumer:** A person or business that buys products or services for personal use rather than for resale or use in production and manufacture. It also includes the user of the product or service other than the buyer.

*Adapted from [www.investorword.com](http://www.investorword.com)*

<sup>16</sup>**Traditional Knowledge:** This refers to any indigenous technical, ecological, scientific, medical or cultural knowledge which is not necessarily documented but is in use by or generally known to communities. Typical examples include antiseptic properties of neem, turmeric, etc.

*Adapted from [www.legalserviceindia.com](http://www.legalserviceindia.com)*

<sup>17</sup>**Intellectual Property:** refers to creations of the mind, such as inventions, literary, musical and artistic works, and symbols, names, images, and designs used in commerce, for which the IP owners are granted certain exclusive rights under the corresponding national IP laws. Common types of IP include patents (inventions), copyrights, trademarks, industrial designs, software, geographic indications and trade secrets, etc.

*Adapted from World Intellectual Property Organisation*

<sup>18</sup>**Sustainable consumption:** The definition proposed by the 1994 Oslo Symposium on Sustainable Consumption defines it as "the use of services and related products which respond to basic needs and bring a better quality of life while minimising the use of natural resources and toxic materials as well as emissions of waste and pollutants over the life cycle of the service or product so as not to jeopardise the needs of future generations." Sustainable consumption asks us to consider issues that go beyond the individual when we shop. These include not only the ecological impacts of what we buy but also the equity, human rights and political dimensions of sustainability in the production and consumption process. These aspects of sustainable consumption provide Guidelines on how to reduce the social and ecological impacts of what we consume.

*Adapted from Oslo Symposium*

<sup>19</sup>**Well-being:** Is a state of being happy, healthy and prosperous. It includes indicators of wealth and employment, built environment, emotional, spiritual, social, physical and mental health, education, recreation and leisure time and social belonging. Well being is synonymously used with good quality of life

<sup>20</sup>**Employee:** A person employed, directly or by or through any agency (including a contractor), whether for remuneration or not, for carrying out activities of the organization or any part thereof, incidental to or connected with those activities, in pursuance of the organization's stated objectives."

*Adapted from IS 16001:2007*

<sup>21</sup>**Home based work:** refers to any work that is done by individuals from their place of residence. There are two types of home based work 1) independent employers or own account workers (purely self employed) and 2) dependent sub-contract workers.

*Adapted from report of National Commission on Enterprises in the Unorganized Sector*

<sup>22</sup>**Freedom of Association:** Workers and employers, without distinction whatsoever, have the right to establish and, subject only to the rules of the organization concerned, to join organizations of their own choosing without previous authorization.

*Adapted from Final Draft; ISO 26000*

<sup>23</sup>**Participation of workers:** Situation where workers are involved in some way with decision-making in a business organization. Worker participation can take many forms. There might be a consultative council in the company where trade unions and management meet regularly to discuss points of mutual interest. Workers can be organized in quality circles and meet regularly in small groups to discuss ways in which their work could be better organized.

*Adapted from <http://www.talktalk.co.uk/reference/encyclopaedia/hutchinson/m0038239.html>*

<sup>24</sup>**Collective Bargaining:** Negotiating between the employees organization and employer's organization / management in good faith with a view to agree on terms and conditions of work and / or settlement of disputes and grievances of employees represented by a representative body of employees

*Adapted from Indian Act Trade Unions Act 1926*

<sup>25</sup>**Grievance Mechanism:** Mechanism for any stakeholder individually or collectively to raise and resolve reasonable concerns affecting them without impeding access to other judicial or administrative remedies. The mechanism should be:

- o Clear, transparent and have independent governance structures.
- o Accessible
- o Predictable
- o Equitable
- o Based on dialogue and mediation

*Adapted from Final Draft ISO 26000 and [www.epaw.co.uk/csr/grievance.html](http://www.epaw.co.uk/csr/grievance.html)*

<sup>26</sup>**Work-life balance:** Work-life balance is a broad concept including proper balancing "work" (career and ambition) on one hand and "life" (pleasure, leisure, family and spiritual development) on the other. Related, though broader, terms include "lifestyle balance" and "life balance".

*Adapted from [http://en.wikipedia.org/wiki/Work%E2%80%93life\\_balance](http://en.wikipedia.org/wiki/Work%E2%80%93life_balance)*

<sup>27</sup>**Fair Living wages:** A wage sufficient for a family to meet its basic needs and which provides some ability to deal with emergencies.

*Adapted from [www.businessdictionary.com](http://www.businessdictionary.com)*

<sup>28</sup>**Harassment:** Harassment covers a wide range of offensive behaviour that is unwanted by the recipient and which the perpetrator knows or ought to know is threatening or disturbing.

<sup>29</sup>**Work Place:** Place(s) where activities of the organization are carried out in pursuance of its stated objectives

*Adapted from IS 16001:2007*

<sup>30</sup>**Vulnerable and Marginalised Groups:** Group of individuals who are unable to realize their rights or enjoy opportunities due to adverse physical, mental, social, economic, cultural, political, geographic or health circumstances. These groups in India include:

- Women and girls
- People with disabilities
- Children
- Tribals
- Migrants, migrant workers

## Background Note on the Process Adopted in Drafting the Guidelines

The National Voluntary CSR Guidelines were released by the Honorable President of India, Smt. Pratibha Patil on 21 December 2009 - the final day of the Corporate India Week - organized by the Ministry of Corporate Affairs. Through these Guidelines, the Ministry urged the business sector to adopt the principles contained in the Guidelines for responsible business practices. The document also said that “after considering the experience of the adoption of these Guidelines by the Indian corporate sector and consideration of relevant feedback and other related issues, the Government may initiate the exercise for review of these Guidelines and further improvement after one year.

The Guidelines Drafting Committee (GDC), constituted in April 2009 and notified in November 2009 by the Indian Institute of Corporate Affairs, was accordingly tasked with the 'review and elaboration' of the Guidelines. The GDC has its genesis in the Expert Group, an advisory body formed in July 2008 within the framework of the bilateral cooperation project on CSR between IICA and GIZ. It comprises representatives from government bodies, industry (practitioners and chambers/associations) and civil society. The GDC was specifically tasked with the following objectives

### Mandate of the GDC

- To formulate a draft framework guideline for social, environmental and ethical responsibilities of business, which would be offered to enterprises for voluntary adoption
- To constantly check for wide applicability across all enterprises irrespective of their size and that Guidelines serve to ultimately enhance the performance of businesses in the unique Indian context,
- To draw insights from good practices and international norms and frameworks such as ISO 26000, UNGC, GRI, OECD Guidelines in as much as they help to address Indian particularities as well as national resources like the BIS standard 16000, PSU CSR Guidelines, and other sources
- Specifically ensure that the framework addresses the concerns of Inclusive Development and Sustainability

## **GDC Members**

The names of the members of the GDC headed by Sh. Bharat Wakhlu (Tata Services) are:

Sh. Manoj K. Arora (MCA/IICA), Ms. Vikas Goswami (Microsoft), Sh. Dinesh Agrawal (NTPC), Sh. Harsh Jaitli (VANI), Sh. Paresh Tewary (FICCI), Sh. Shankar Venkateswaran (Sustainability), Ms. Annapurna Vancheswaran (TERI), Sh. Anil Bharadwaj (FISME), Ms. Seema Arora (CII), Sh. Viraf Mehta (Permanent Invitee) and Ms. Neha Kumar (GIZ).

## **Review of 2009 Guidelines and Formulation of 2011 Guidelines**

The first review process was structured around the feedback received in March 2010. The feedback pointed out the need to include a special section on MSMEs, broad level operational guidance for implementation of the principles and their core elements, greater specificity, consistency, clarity and value-neutrality in terms used in the Guidelines document. The feedback also indicated an overall consensus on the structure and the content of the GDC draft.

To incorporate the feedback, the GDC formed eight Working Groups to review the eight principles, which met in plenary sessions where the GDC deliberated on each principle. Responsibilities for other sections/additions like Management processes, relevance for MSME were also divided amongst the members, and drafts were finalized in the GDC plenaries after long and intense deliberations. The revised draft contained an additional ninth principle.

Guidance on elaboration of principles, indicators for implementation, management processes and compilation of good practice examples to demonstrate application of principles was developed by the Anchor Team to support the GDC. In addition, the GDC deemed it necessary to provide a glossary of terms and resources as part of the annexure to the Guidelines. The draft was submitted to the IICA in the first week of August.

In all, between April and July, the GDC met 10 times in plenary, while Working Groups met independently and fed into the GDC discussions. The Anchor Team coordinated the information flow to the GDC and to the Working Groups besides providing research inputs and creating guidance templates for the GDC.

## **Stakeholder Consultations**

The stakeholder consultations were held through the months of March - September in Delhi, Bangalore, Mumbai and Calcutta with business and civil society in separate discussions with each constituency. A consultation was also held on 16 August 2010 with the Secretary, Ministry of Corporate Affairs and his senior team.

The feedback was collected on technical and substantive aspects of the Guidelines as well as on the flow, clarity and usage of language.

Suggestions were also sought on the various strategies to stimulate the adoption of the Guidelines.

Detailed comments from nearly 200 stakeholders, comprising enterprises, both large and from SME sectors, industry associations and chambers, government agencies, national and international NGOs active in the field of sustainability, responsible business and development were received.

### **Incorporation of feedback**

Nearly 2000 comments received from stakeholders were collated, compiled, analysed and considered by the GDC on the basis of the following criteria: if the suggestion aids comprehension ; if the feedback also represented majority view from stakeholder consultations, if it filled a technical gap; if it would also aid implementation of the Guidelines and if it is material to business The GDC will share the report of consultations with the all stakeholders participating in the consultative process.

### **Presentation to MCA**

The GDC presented the final draft to the Ministry of Corporate Affairs through the IICA on 3 November for its due consideration by the Ministry for the purpose of release during the 2010 Corporate India Week. During November, 2010 – May 2011 meetings were also held with MCA to discuss the way forward.





