



Corporate Social Responsibility

OVERVIEW

The Global Context

Corporate Social Responsibility (hereafter referred as “the **CSR**”) can be understood as a management concept and a process that integrates social and environmental concerns in business operations and a Company’s interactions with the full range of its stakeholders. In today's economic and social environment, issues related to social responsibility and sustainability are gaining more and more importance, especially in the business sector. The Companies that operate in a socially responsible manner strengthen their goodwill. Whilst short-term economic gain can be pursued, the failure to account for long-term social and environmental impacts makes those business practices unsustainable.

There is no certain definition of “Corporate Social Responsibility”. Every organization has its own definition and method of giving back to the society. The concept of the CSR has evolved and now encompasses all related concepts such as triple bottom line, corporate citizenship, strategic philanthropy, shared value, corporate sustainability and business responsibility. Some international organizations have also showed their view on this, which are as follows:

The World Business Council for Sustainable Development (WBCSD) defines CSR as “the continuing commitment by business to contribute to economic development while improving the quality of life of the workforce and their families as well as of the community and society at large.”

According to the United Nation Industrial Development Organization (UNIDO), “Corporate Social Responsibility is a management concept whereby companies integrate social and environmental concerns in their business operations and interactions with their stakeholders. CSR is generally understood as being the way through which a company achieves a balance of economic environmental and social imperatives (Triple-Bottom-Line Approach), while at the same time addressing the expectations of shareholders and stakeholders. In this sense, it is important to draw a distinction between CSR, which can be a strategic business management concept, and charity, sponsorships or philanthropy. Even though the latter can also make a valuable contribution to poverty reduction, will directly enhance the reputation of a company and strengthen its brand, the concept of CSR clearly goes beyond that.”

CSR in India

The CSR in India has traditionally been seen as a philanthropic activity. In Indian tradition, it was an activity that was performed but not deliberated. As some observers have pointed out, that the practice of the CSR in India still remains within the philanthropic space, but has moved from institutional building (educational, research and cultural) to community development through various projects. Also, with global influences and with communities becoming more active and demanding, there appears to be a discernible trend, that while the CSR remains largely restricted to community development, it is getting more strategic in nature (that is, getting linked with business) than philanthropic, and a large number of

companies are reporting the activities they are undertaking in this space in their official websites, annual reports, sustainability reports and even publishing the CSR reports. The CSR in India tends to focus on what is done with profits after they are made.

Globally, the notion of the CSR and sustainability seems to be converging, as is evident from the various definitions of the CSR put forth by global organizations. The genesis of this convergence can be observed from the preamble to the recently released rules relating to the CSR under the Companies Act, 2013 (referred as “Indian Companies Act” or “the Act”) which talks about stakeholders and integrating it with the social, environmental and economic objectives, all of which constitute the idea of a triple bottom line approach.

“Since corporate social responsibility and sustainability are so closely entwined, it can be said that corporate social responsibility and sustainability is a company’s commitment to its stakeholders to conduct business in an economically, socially and environmentally sustainable manner that is transparent and ethical.”

The Ministry of Corporate Affairs, Government of India, has notified Section 135 and Schedule VII of the Indian Companies Act, 2013 as well as the provisions of the Companies (Corporate Social Responsibility Policy) Rules, 2014 to come into effect from April 1, 2014, which required the certain class of Indian Companies to set-up the framework for the CSR activities. The CSR provisions are applicable on following Companies which have:

1. an annual turnover of INR 1,000 Crore and more, or
2. a net worth of INR 500 Crore and more, or
3. a net profit of INR 5 Crore and more.

The new rules, which are applicable from the fiscal year 2014 – 15 onwards, require Companies to set-up a CSR Committee consisting of three board members (including at least one independent director in case of public companies) and two members in case of private companies, if private company has only two directors. The Ministry has prescribed the CSR activities in Schedule VII of the Indian Companies Act.

The activities, which has been recognized as CSR activities under the Act are as under:

- Eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation and making available safe drinking water;
- Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently able and livelihood enhancement projects;
- Promoting gender equality, empowering women, setting up homes and hostels for women and orphans;
- Setting up old age homes, day care centers and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;

- Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agro forestry, conservation of natural resources and maintaining quality of soil, air and water;
- Protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional and handicrafts;
- Measures for the benefit of armed forces veterans, war widows and their dependents;
- Training to promote rural sports, nationally recognized sports, paralympic sports and Olympic sports;
- Contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government for socio-economic development and relief and welfare of the Scheduled Caste, the Scheduled Tribes, other backward classes, minorities and women;
- Contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government, rural development projects.

The activities performed towards the benefit of society, which are in due course of business, shall not be treated as the CSR for the purpose of new law. Therefore, the Company may continue to perform the said activities, which are in due course of their business, but same shall not be counted as the CSR activities under the Law. Further, the Companies are not allowed to participate in any activity, which are related to any particular religion or such activity which imbalance the social harmony.

For effective implementation, the CSR Committee must also oversee the systematic development of a set of processes and guidelines for the CSR to deliver its proposed value to the Company, including:

- One-time processes such as developing the CSR strategy and operationalizing the institutional mechanism;
- Repetitive processes such as the annual CSR policy, due diligence of the implementation partner, project development, project approval, contracting, budgeting and payments, monitoring, impact measurement and reporting and communication.

Benefits of a robust CSR programme:

As the business environment gets increasingly complex and stakeholders become vocal about their expectations, good CSR practices can only bring in greater benefits, some of which are as follows:

- **Communities provide the license to operate:** Apart from internal drivers such as values and ethos, some of the key stakeholders that influence corporate behavior include governments (through laws and regulations), investors and customers. In India, a fourth and increasingly important stakeholder is the community, and many companies have started realizing that the 'license to operate' is no longer given by governments alone, but communities that are impacted by a company's business operations. Thus, a robust CSR programme that meets the aspirations of these communities not only provides them with the license to operate, but also to maintain the license, thereby precluding the 'trust deficit'.
- **Attracting and retaining employees:** Several human resource studies have linked a Company's ability to attract, retain and motivate employees with their CSR commitments. Interventions that encourage and enable employees to participate are shown to increase employee morale and a sense of belonging to the company.
- **Communities as suppliers:** There are certain innovative CSR initiatives emerging, wherein companies have invested in enhancing community livelihood by incorporating them into their supply chain. This has benefitted communities and increased their income levels, while providing these companies with an additional and secure supply chain.
- **Enhancing corporate reputation:** The traditional benefit of generating goodwill, creating a positive image and branding benefits continue to exist for companies that operate effective CSR programmes. This allows companies to position themselves as responsible corporate citizens.

CSR Objectives & Commitments:

- **SU-KAM** will align the CSR focus areas with the activities mentioned under Schedule VII under clause 135 of the Companies Act, 2013.
- SU-KAM will also perform additional voluntary activities aligned with the global Social Investment themes of SU-KAM.
- The CSR policy will focus to provide sustainable benefits to the society while implementing activities for three years (2014 – 2016).
- Education, Ecosystems and Road Safety will form the core themes around which Su-Kam will create and drive their local plans.

OBJECTIVES AND CSR PLAN:

Being a responsible corporate, the Company shall search for opportunities on a continuous basis so as to meet the expectations of the all the stakeholders. The Company shall focus on following:

- To facilitate the rural or downtrodden people toward a healthy life by providing them free medical services and educating them about the health related issues.
 - Providing aid to clinics or small hospitals for better infrastructure and better treatment
 - To organize health check-up camps on regular basis in backward areas and schools
- To educate the children or people who are financially not strong to get a good education.
 - Providing aid to schools in downtrodden areas for providing necessary infrastructures to students
 - Providing relevant books, bags stationary to underprivileged children based on financial situation
- To focus on environmental preservation and to educate the people about the nature from grass root level
- To be a strong pillar in providing relief or rehabilitation in case of natural disaster by contributing in rehabilitation programmes launched after natural calamities
- To promote activities for Emergency needs including relief works undertaken during natural calamities/ disasters
- Other areas also which include healthcare or education or any other activity in any other given or chosen field.
 - Organising programs for women empowerment, women and old- aged health related issues
 - Providing products or aids to elderly people or differently-able persons for equipments
 - Drinking water supply in water starved downtrodden areas

CSR Team & Responsibilities:

The CSR Committee of Su-Kam shall consist of minimum three Directors. CSR Policy as approved by CSR Committee and the Board of Directors (BOD) of the Company shall be forwarded to a CSR Implementation Team which will be headed by Mr. Biplab Majumder and Mr. Sanjeev Kumar and Mr. Kunwer Sachdev shall be members of Committee. All

activities will be driven by the Committee and will be implemented in the country through partners, NGO's and agencies following the approval of the Country Chairman and the contracting and procurement due diligence. CSR Team head shall report the quarterly progress on implementation of CSR policy to CSR Committee, which shall discuss and instruct the team other methods of implementing the policy, if required. The CSR Committee shall also report to the Board of Directors on quarterly basis regarding the progress on implementation of the CSR policy, which will finally be incorporated in Board Report, prepared under section 134 of the Companies Act, 2013 in brief.

A brief of the various position and their responsibilities are as follows:-

Position	Responsibilities
Su-Kam CSR Committee	<ul style="list-style-type: none"> • Formulate and recommend a CSR policy to the board • Recommend activities and the amount of expenditure to be incurred • Monitor the CSR policy from time to time • Ensure implementation of the activities under CSR • Ensure 2% spend • <i>Disclose spending in Board's Report</i> • Disclose reasons, if spending not done
Company Secretary	<p>Strategic Program Management. Align with business, addressing the country needs.</p> <p>Build and manage SU-KAM partners. Strategic reputation-building events with external stakeholders.</p> <p>Timely communication with internal & external stakeholders and relevant beneficiaries.</p> <p>Reporting CSR activities and related compliances to the CSR Committee</p>
HR	<p>Support the volunteering effort as well as coordination with local agencies to map competencies as well as capacities.</p>
Finance	<p>Support the CSR Committee to deliver monitoring reports as well as enable the year-end reporting to Government</p>

The CSR PLAN

The Company should integrate its CSR plan with the business plan of the Company. The Company during finalizing the budget for business activity shall put the CSR at same footage with the business schedule and the aim should be bifurcated into short duration so as to reach the final junction in much planned manner.

The Company shall initiate the plan within the country selecting one or more backward areas or district as per the budget plan and resources.

The plan shall be initiated after assessment survey for the areas which are under consideration. After the survey and final report regarding the area (s) and people living around the same, detailed plan will be finalized with the concerned team who will perform the duty.

Each plan will specify the CSR activities to be undertaken in a particular area and shall prescribe the expected outcome and social and environmental impact after or during the course of activity.

The Company may consult or take help or associate any NGOs, government authorities, professionals in the process of planning and implementation of CSR activities.

IMPLEMENTATION AND MONITORING

The Company may get baseline survey done either through a team comprised of Company's official or any other specialized agency or professional. Baseline survey report will be forwarded to Corporate Social Responsibility (CSR) Committee for its review.

The ultimate authority to take decision on CSR policy shall of the Board of Directors which shall approve the policy based on the recommendation made by CSR Committee.

The CSR Committee shall be headed by Mr. Biplab Majumder, Independent Director of the Company for review of the CSR initiatives and oversee the implementation of the same. He will place a review report in every meeting of the CSR Committee and the CSR Committee shall forward the same to Board of Directors with their comment or advice.

The CSR committee will organise seminars/ workshops/ meetings for the team which are implementing the CSR activities on ground zero level for generating awareness about the program.

The CSR Committee shall focus on spending at least 2% of the net profit calculated as per Section 198 of the Companies Act, 2013. If the Company for any reason not able to spent

the prescribed amount in CSR activities, then the CSR Committee shall forward a report on the expenses incurred and reason why the minimum expenditure mark not achieved.

The CSR Committee shall properly screen before the issuance of funds, so that the funds is being used only for the activities designed as CSR activities.

The CSR Committee may approve the association of other organizations or government departments or NGOs for implementation of CSR activities.

DISCLOSURE

Whenever Mr. Biplab Majumder, Independent Director of the Company place the report before the CSR Committee, the same report along with the comments and further recommended instructions shall be forwarded to the Board of Director. The Board of Director on annual basis make a final yearly report on the implementation of CSR activities and the relevant outcome thereon. The report shall be placed in the meeting of the shareholders of the Company. Brief of the report shall form part of the Board report, which will be forwarded to members along with financial statements and notice of Annual General Meeting of the members.

The Company may disclose the progress report on implementation of CSR activity on its website.

ASSESSMENT POST IMPLEMENTATION

The Board or CSR committee, if found necessary, may designate some external agency (ies) to audit the process and expenditure made by the implementation team. The board after the audit may ask for the feedback of the employees or agencies engaged in the activity. The Board or Committee may also ask the CSR Auditor to check the implication or impact on society and nature.

CONCLUSION

This policy will be modified based upon the changing environment and modification in Companies Act, 2013 and other rules. This policy will supersede any other social reform policy.