

# **The Social, Environmental & Economic Responsibilities of Business**



**Mumbai**  
**February 27, 2012**

# Historical and Socio-economic Context



- Religious background
- Charity and Philanthropy
- Principle of Trusteeship
- Social Responsibility - The Western Thought
- Environmental Concerns
- CSR and Beyond
- National Concerns
- Business Responsibility- A Holistic Approach

# Government and Business Responsibility



- PM's Ten Point Social Charter
- MCA and CSR
- Voluntary Guidelines on CSR, 2009
  - Released in Dec 2009, in presence of the President of India
  - A statement of intent by the national government
  - Intended to be replaced by a more comprehensive guideline
- Voluntary Guidelines 2011
- Planning Commission and Task Force on Business Regulation

# Structure of the Guidelines



- 1. 9 Principles, covering the Triad and Ethics**
  - **Brief Description**
  - **Core Elements**
- 2. Implementation Guidance on the 9 Principles**
- 3. Indicators ( metrics) to enable self-monitoring by businesses**
- 4. Specific inputs for MSMEs**
- 5. Caselets to aid comprehension of best practices in each Principle**
- 6. Business Case Matrix**
- 7. Glossary of Terms used**

# Principles of Business Responsibility



- **Principle 1:** Ethics, Transparency and Accountability
- **Principle 2:** Providing Goods and Services that are Sustainable over entire Life Cycle
- **Principle 3:** Well-being of Employees
- **Principle 4:** Being Responsive towards Stakeholders, especially the disadvantaged
- **Principle 5:** Respecting and Promoting Human Rights
- **Principle 6:** Protecting and Restoring the Environment
- **Principle 7:** Responsible Policy Advocacy that enhances Public Good
- **Principle 8:** Supporting Inclusive Growth and Development
- **Principle 9:** Providing Value to Customers responsibly

# Principle 1 : Businesses should conduct and govern themselves with Ethics, Transparency and Accountability



## **Brief Description**

- Ethical conduct in functions and processes
- Decisions and actions should be amenable to disclosure
- Inform all the stakeholders of the operating risks involved
- Establishment of a culture of integrity and ethics throughout the enterprise

## **Core Elements**

- Ethical conduct at all levels by developing proper governance structures, practices and procedures
- Transparent communication
- Should not engage in practices that are abusive, corrupt or anti competition
- Truthful discharging of the responsibility on financial and other mandatory disclosures
- Avoid complicity with the actions of any third party that violates any of the principles.

# Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability “throughout their life cycle”



## **Brief Description**

- To function effectively and profitably the businesses should work to improve the quality of life of people
- Engineer value in goods and services by keeping the impact of a product on the society through all stages of the product life cycle

## **Core Elements**

- Assure safety and optimal resource use over the life cycle of the product
- Recognize the rights of its consumers through education, product labeling, appropriate and helpful communication, full details of the contents and safe usage.
- Ensure that the manufacturing processes and technologies are resource efficient and sustainable
- Regularly review and improve upon the process of new technology development, deployment and commercialization, incorporating social, ethical and environmental considerations
- Recognize and respect the intellectual property rights
- Promote sustainable consumption

# Principle 3: businesses should promote the wellbeing “of all employees”



## **Brief Description**

- The principle encompasses all policies and practices relating to dignity and wellbeing of employees engaged within a business or in its value chain
- The principle extends to all categories of employees within and outside its boundaries and covers work performed by individuals, including subcontracted and home based.

## **Core Elements**

- Respect the right to freedom of association, participation, collective bargaining and access to proper grievance redressal mechanism
- Equal opportunities to all caste, creed, gender, religion, race, disability or sex
- No child labor, forced labor or any form of involuntary labor (paid or unpaid)
- Cognizance of work life balance of employees especially women
- Provide facilities for the wellbeing
- Safe, hygienic and humane work place environment
- Ensure continuous skill and competence up gradation of all employees
- Harassment free work place

**Principle 4: Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized**



**Brief Description**

- Responsibility to think and act beyond the interests of its shareholders to include all their stakeholders
- Proactively engage with and respond to those that are disadvantaged, vulnerable and marginalized

**Core Elements**

- Systematically identify their stakeholders, understand their concerns, define purpose and scope of engagement, and commit to engaging with them.
- Acknowledge, assume responsibility and be transparent about the impact of their policies, decisions, product and services and associated operations on the stakeholders.
- Give special attention to stakeholders in areas that are underdeveloped
- Resolve differences with stakeholders in a just, fair and equitable manner

# Principle 5: Businesses should respect and promote human rights



## **Brief Description**

- Recognizes that human rights are the codification and agreement of what it means to treat others with dignity and respect.
- Imbibes its spirit from the Constitution of India
- Takes into account the “Corporate Responsibility to Respect Human Rights”

## **Core Elements**

- Understand the human rights content of the Constitution of India, national laws and policies and content of International Bill of Human rights.
- Integrate respect for human rights in management systems through assessing and managing human rights impacts of the business operation
- Recognize and respect all human rights of all relevant stakeholders and groups within and beyond workplace
- Promote the awareness and realization of rights across its value chain
- Should not be complicit with human rights abuses by third party

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



## **Brief Description**

- Recognizes the environmental responsibility is a pre requisite for sustainable economic growth and well being of society
- Emphasizes that environmental issues are interconnected at the local, regional and global levels.
- Encourages businesses to understand and be accountable for direct and indirect environmental impacts of their operations, products and services
- Urges businesses to follow the precautionary principle

## **Core Elements**

- Utilize natural and man made resources in and optimal and responsible manner
- Take measures to check and prevent pollution
- Ensure that benefits are shared equitably
- Continuously seek to improve environmental performance
- Develop Environment Management Systems and contingency plans
- Report environment performance
- Proactively persuade and support its value chain for adoption of this principle

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



## **Brief Description**

- Recognizes that business operate within the specified legislative and policy frameworks prescribed by the Government
- Acknowledges that in a democratic set up, such as legal frameworks are developed in a collaborative manner with participation of all the stakeholders including businesses
- Recognizes the right of businesses to engage with Government for redressal of a grievance or for influencing public policy and public opinion
- Emphasizes that policy advocacy must expand public good

## **Core Elements**

- Businesses, while pursuing policy advocacy must ensure that their advocacy positions are consistent with the Principles and Core Elements contained in these Guidelines.
- 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**

- Recognizes the challenges of social and economic development faced by India and builds upon the development agenda
- Recognizes the value of energy and enterprise of businesses and encourages them to innovate and contribute to the overall development of the country
- Emphasizes the need for collaboration amongst businesses, government agencies and civil society in furthering this development agenda.
- Reiterates that business prosperity and inclusive growth and equitable development are interdependent

## **Core Elements**

- Understand their impact on social and economic development.
- Innovate and invest in products, technologies and processes that promote the wellbeing of society and mitigate any negative impacts
- Make efforts to complement and support the development priorities at local and national levels
- Businesses operating in regions that are underdeveloped should be especially sensitive to local concerns

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



## **Brief Description**

- Basic aim of a business entity is to provide goods and services to its customers in a manner that generates value for both.
- Acknowledges that no business entity can exist or survive in the absence of its customers.
- Recognizes that customers have the freedom of choice in the selection and use of goods
- 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**

- Take into account the overall well-being of the customers and that of society.
- Ensure that they do not restrict the freedom of choice and free competition in any manner
- Disclose all information truthfully and factually, through labelling and other means
- Promote and advertise their products in ways that do not mislead, confuse the consumers or violate any of the principles in these guidelines.
- Exercise due care and caution while providing goods and services that result in over-exploitation of natural resources or lead to excessive conspicuous consumption.
- Provide adequate grievance handling mechanisms to address customer concerns and feedback.



**Thank You**