

## CSR-10 COMPANIES WITH THE HIGHEST CORPORATE SOCIAL RESPONSIBILITY ESTIMATION

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### ABSTRACT

If the concept of corporate social responsibility (CSR) has to be implemented meaningfully by companies, then the stakeholders impacted by their business should also have a say in defining what constitutes their social responsibility. Just specification of the amount that corporate should spend and activities they should undertake to fulfil their CSR obligation by the government is not enough.

While corporate social responsibility (CSR) was for a long time considered a voluntary matter, to be exercised by companies in the interests of stakeholders, it is increasingly acquiring legal status, with several efforts to formalise CSR obligations. Some countries have incorporated facets of CSR in their basic corporate laws as a means to exhort companies to fulfil their obligations towards non-shareholder constituencies.

However, nowhere has CSR acquired as much legal status as in India, where recent efforts to reform company law culminated in legislation that is relatively prescriptive about the obligations of companies to act in a manner that benefits society.

### 1. INTRODUCTION

CSR is defined by the Business Dictionary as "a company's sense of responsibility towards the community and environment (both ecological and social) in which it operates." Companies demonstrate their citizenship by (1) reducing waste and pollution, (2) contributing to educational and social initiatives, and (3) making adequate returns on the resources they employ."

A larger concept includes charity and volunteering in addition to stakeholders.

#### Seven Reasons Why Industry Associations Should Implement Sustainability Programs

1. Increase the value and relevance of the association to current and prospective members through sustainability and CSR activities. It lowers the likelihood that members' CSR and sustainability needs will be satisfied by other organizations or initiatives.
2. Increase sector innovation: Low-cost pre-competitive CSR and sustainability collaborations can lead to industry innovation, allowing the industry to increase its collective CSR impacts while creating business and operational benefits.
3. Build positive government and NGO relations: Associations that increase their CSR or sustainability expertise are better positioned to contribute positively to regulatory initiatives by government and other agencies and to engage constructively with NGOs and other stakeholders. Associations with voluntary industry CSR and sustainability standards that exceed compliance requirements are able to forestall government regulation.
4. Assist in identifying industry priorities: Many broad global CSR and sustainability projects and standards are now available, making it difficult for members to determine priorities. An industry approach can help member companies establish an industry-relevant model that is customized to the most substantial risks and opportunities in the sector.
5. Achieve association goals: Association aims typically include supporting members to be competitive and profitable. CSR and sustainability are two strategies for increasing member profitability and competitiveness.
6. Enhance industry reputation and brand: A CSR and sustainability program for an association indicates the sector's commitment to sustainable practices and leadership. It can foster beneficial stakeholder connections with customers, communities, non-governmental organizations (NGOs), suppliers, and others. As a result, the sector's social license to operate and grow is strengthened.
7. Improve employee recruitment and retention: Companies with CSR initiatives can attract and keep the best and brightest individuals who choose to work for companies that share their values.

## 2. CORPORATE SOCIAL RESPONSIBILITY IN INDIA

CSR has always been viewed as a charity practice in India. And, in keeping with Indian custom, it was an action that was carried out but not planned. As a result, documentation on specific operations linked to this notion is scarce. However, it was clear that much of this had a national flavor to it, whether it was endowing institutions or actively participating in India's liberation movement, and was incorporated in the concept of trusteeship.

According to some observers, CSR in India remains in the charitable arena, but has shifted from institutional building (educational, research, and cultural) to community development through various programs. Furthermore, with global influences and communities becoming more active and demanding, there appears to be a discernible trend that, while CSR remains largely limited to community development, it is becoming more strategic in nature (that is, becoming linked with business) rather 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 in this space. The Companies Act of 2013 brought CSR to the forefront, and its disclose-or-explain obligation promotes increased transparency and disclosure. The Act's Schedule VII, which covers CSR activities, says that communities should be the focus point. The draft regulations, on the other hand, suggest that CSR must go beyond communities and the concept of philanthropy by examining a company's relationship with its stakeholders and integrating CSR into its fundamental activities. It will be interesting to see how this translates into action on the ground, as well as how the public's understanding of CSR changes.

## 3. CSR RULES UNDER COMPANIES ACT, 2013

The Ministry of Corporate Affairs has notified Section 135 and Schedule VII of the 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.

With effect from April 1, 2014, every company, private limited or public limited, which either has a net worth of Rs 500 crore or a turnover of Rs 1,000 crore or net profit of Rs 5 crore, needs to spend at least 2% of its average net profit for the immediately preceding three financial years on corporate social responsibility activities. The CSR activities should not be undertaken in the normal course of business and must be with respect to any of the activities mentioned in Schedule VII of the 2013 Act. Contribution to any political party is not considered to be a CSR activity and only activities in India would be considered for computing CSR expenditure. The net worth, turnover and net profits are to be computed in terms of Section 198 of the 2013 Act as per the profit and loss statement prepared by the company in terms of Section 381 (1) (a) and Section 198 of the 2013 Act. While these provisions have not yet been notified, it has been clarified that if net profits are computed under the Companies Act, 1956 they needn't be recomputed under the 2013 Act. Profits from any overseas branch of the company, including those branches that are operated as a separate company would not be included in the computation of net profits of a company. Besides, dividends received from other companies in India which need to comply with the CSR obligations would not be included in the computation of net profits of a company. The CSR Rules appear to widen the ambit for compliance obligations to include the holding and subsidiary companies as well as foreign companies whose branches or project offices in India fulfill the specified criteria. There is a need for clarity with respect to the compliance obligations of a company as well as its holding and subsidiary companies. The activities that can be undertaken by a company to fulfil its CSR obligations include eradicating hunger, poverty and malnutrition, promoting preventive healthcare, promoting education and promoting gender equality, setting up homes for women, orphans and the senior citizens, measures for reducing inequalities faced by socially and economically backward groups, ensuring environmental sustainability and ecological balance, animal welfare, protection of national heritage and art and culture, measures for the benefit of armed forces veterans, war widows and their dependents, training to promote rural, nationally recognized, Paralympics or 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 SC, ST, OBCs, minorities and women, contributions or funds provided to technology incubators located within academic institutions approved by the Central Government and rural development projects. However, in determining CSR activities to be undertaken, preference would need to be given to local areas and the areas around where the company operates. To formulate and monitor the CSR policy of a company, a CSR Committee of the Board needs to be constituted. Section 135 of the 2013 Act requires the CSR Committee to consist of at least three directors, including an independent director. However, CSR Rules exempts unlisted public companies and private companies that are not required to appoint an independent director from having an independent director as a part of their CSR Committee and stipulates that the Committee for a private company and a foreign company need have a minimum of only 2 members. A company can undertake its CSR activities through a registered trust or society, a company established by its holding, subsidiary or associate company or otherwise,

provided that the company has specified the activities to be undertaken, the modalities for utilization of funds as well as the reporting and monitoring mechanism. If the entity through which the CSR activities are being undertaken is not established by the company or its holding, subsidiary or associate company, such entity would need to have an established track record of three years undertaking similar activities. Companies can also collaborate with each other for jointly undertaking CSR activities; provided that each of the companies is able individually report on such projects. A company can build CSR capabilities of its personnel or implementation agencies through institutions with established track records of at least three years, provided that the expenditure for such activities does not exceed 5% of the total CSR expenditure of the company in a single financial year. The CSR Rules specify that a company which does not satisfy the specified criteria for a consecutive period of three financial years is not required to comply with the CSR obligations, implying that a company not satisfying any of the specified criteria in a subsequent financial year would still need to undertake CSR activities unless it ceases to satisfy the specified criteria for a continuous period of three years. This could increase the burden on small companies which do not continue to make significant profits. The report of the Board of Directors attached to the financial statements of the Company would also need to include an annual report on the CSR activities of the company in the format prescribed in the CSR Rules setting out inter alia a brief outline of the CSR policy, the composition of the CSR Committee, the average net profit for the last three financial years and the prescribed CSR expenditure. If the company has been unable to spend the minimum required on its CSR initiatives, the reasons for not doing so are to be specified in the Board Report. Where a company has a website, the CSR policy of the company would need to be disclosed on such website. Corporate India has seen in the last decade that the path towards growth is not linear. Expansion means a constant hunt for resources that go into manufacturing and invariably a conflict between man and nature. The western world has simplified much of this debate into the climate change challenge which rests on this simple logic. The Indian challenge and that of any developing country like ours is much more complex. We need food for our teeming millions, education for our children and women empowerment.

#### 4. INDIA'S BEST COMPANIES FOR CSR

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The western world has simplified much of this debate into the climate change challenge which rests on this simple logic. The Indian challenge and that of any developing country like ours is much more complex. We need food for our teeming millions, education for our children and women. With this the conversation in corporate circles has moved beyond 'should CSR be mandatory' to 'what should we do and how'? Indian companies are now new to sustainability reporting.

In fact, there are companies that have been generating sustainability reports for ten years or more. Global Reporting Initiative (GRI) that forms the basis for this reporting has several parameters that are far in excess of what the Indian Companies Act prescribes. It covers sustainability and CSR issues while at the same time also looking at employee standards, health and safety issues and much more. Attempt is made to examine GRI reports and publicly disclosed information online and via annual reports under the CSR lens. I believe that it is not sufficient for companies to merely invest in CSR projects and meet the 2 per cent norm, but we need to understand whether CSR is looked at strategically. The 2 percent norm is not the only criterion looked for but beyond this percent the paper looks for the spontaneous contributions by the corporate.

Top 10 Companies for CSR Ranking	Indian Company	Best practice	Global Company	Best practice
<b>1</b>	<b>Tata Steel</b>	The CSR programme is managed by three organisations — Tata Steel Rural Development Society (TSRDS), Tata Steel Family Initiatives Foundation (TSFIF) and the Tribal Culture Society (TCS). The Company uses Human Development Index to keep track of CSR in villages.	<b>Microsoft</b>	Microsoft <b>Youth Spark</b> is committed to helping young people capture opportunity. Use programs to learn skills, to prepare for the jobs of the future, even to start your own business. <b>Youth Spark is created for you.</b>

2	<b>Tata Chemicals</b>	Conservation of whale shark-a rare species. The Company spends Rs 12 cr on CSR every year & wildlife conservation tops priority.	<b>Google</b>	Tech giant Google is donating \$11.5 million to several coalitions fighting to end <b>the modern-day slavery</b> of some 27 million people around the world. The largest ever corporate grant devoted to the advocacy, intervention and rescue of people being held, forced to work or provide sex against their will, Google said it chose organizations with proven records in combating slavery.
3	<b>Mahindra Group</b>	'Nanhi Kali' -focuses on educating the girl child. CSR is a mix of strategic philanthropy, shared values & sustainability.	<b>Disney</b>	Disney encourages <b>environmental education</b> . Earth, Oceans, and African Cats – have planted three million trees in Brazil's threatened Atlantic Forest, protected 40,000 acres of coral reef in the Bahamas, and conserved 50,000 acres of savanna wildlife corridors in Africa.
4	<b>Maruti Suzuki</b>	'Making it Matter'- Community development and road safety propel Maruti's CSR in the fast lane. The village development will include construction of household toilets, upgrading Government schools, separate toilets for girl students.	<b>BMW</b>	<b>BMW Warm-Heart Fund</b> BMW Warm-Heart Family, including firms, employees, dealers, customers and warm-hearted people to provide from financial assistance and spiritual support to people in need.
5	<b>Tata Motors</b>	A deep concern for the environment drives Tata Motors undertake green projects that preserve and regenerate local ecologies.	<b>Apple</b>	Building environmental responsibility into products and processes.
6	<b>Siemens</b>	Raising health awareness in India. Fitness, in general, is still not a high priority for most people in India. To change this, the Health Management team at Siemens India introduced the Fit4Life program.	<b>Daimler</b>	Promote climate protection, conserve valuable resources, and contribute to the preservation of a livable environment – at their locations and beyond.
7	<b>Larsen &amp; Toubro</b>	L&T's participates in building a healthy community through continuing initiatives in several areas of healthcare, with a focus on mother & child care and HIV/AIDS awareness.	<b>Volkswagen</b>	Offering employees vocational qualifications and continuing professional development in vehicle and production technology. This represents one of Volkswagen India's contributions to sustainable regional development.

<b>8</b>	<b>Coca-Cola India</b>	Coca-Cola India has supported community programmes with a focus on education, health and water conservation. The Company has commissioned 400 rainwater harvesting systems, provided clean drinking water to more than 100 schools, supported school projects and driven reform in sustainable packaging, disaster relief and rehabilitation”.	<b>Sony</b>	As an official FIFA partner, Sony launched " <b>Dream Goal 2014,</b> " a special CSR program conducted in conjunction with the 2014 FIFA World Cup Brazil™. This program, made possible through collaboration across the Sony Group in partnership with participating NGOs worldwide, showcases a wide range of online and offline initiatives that are expected to benefit approximately 30,000 children in Latin America, Africa and Asia.
<b>9</b>	<b>Steel Authority of India</b>	SAIL has supported maintenance of monuments in Delhi’s Lodhi Gardens, and Vedvyas, Saraswati kund in Rourkela. To take care of distinct features of tribal culture, a 5-day Chhattisgarh Lok Kala Mahotsav is celebrated every year in Bhilai and nearby places in which more than 600 artistes participate. To promote local culture and games, various Gramin Lokotsavs and Gramin athletics competitions are organised by SAIL at different locations throughout the year.	<b>Colgate Palmolive</b>	Free dental health care packs, including samples, are also distributed by the company to encourage good oral hygiene.
<b>10</b>	<b>Infosys</b>	Provide schools with computers it has also helped build 60,000 school libraries, Nirmala shouchalayas.	<b>Lego Group</b>	In 2013 the LEGO Group became the first – and remains the only - toy company to be named a World Wildlife Fund (WWF) Climate Savers Partner. One of the world’s largest conservation organisations, WWF collaborates with leading global companies committed to setting ambitious targets to reduce greenhouse gas (GHG) emissions. Through its Climate Savers program, WWF encourages its partners to transform into low-carbon leaders, acting as change agents within their sphere

**Impact**

- The ICC has tied up with McGrath Foundation, Cancer Society of New Zealand, Room to Read and Think Wise for its Corporate Social Responsibility (CSR)\* partnerships during the 2015 World Cup in Australia and New

Zealand. The ICC will once again be working with Room to Read and will also partner with UNAIDS and UNICEF to deliver the global cricket AIDS awareness partnership THINK WISE.

- Corporates to Pump in Rs. 25933 Crore towards CSR in 2021-22
- Reliance Industries Ltd. CSR Spend Crosses Rs. 812 Crore in 2021-22
- ONGC to Contribute Rs. 504 Crore towards CSR.

According to official data, 1,186 organizations met the required level of expenditure in FY22, and 10,443 enterprises exceeded the authorized profit for CSR initiatives. Nevertheless, 3,929 businesses spent nothing and 3,065 spent less than the allotted sum.

A company that violates CSR guidelines faces fines of between Rs 50,000 and Rs 25 lakh. The company's defaulting officers may also face fines of between Rs. 50,000 and Rs. 5 lakh, as well as a maximum sentence of three years in prison.

## 5. CONCLUSION

It can be concluded that Social corporate responsibility and the maintenance of high ethical standards is not an option but an obligation for all business. What can't be measured can't be improved. That was the spirit behind our effort to gather data on how much listed firms are concentrating on CSR currently. It turned out to be one of the most difficult exercises we have undertaken. Despite reaching out to them individually, we realised that there are many, even among the top 100 firms by revenue, who don't report their CSR spends or even declare the social causes they support. That's because they aren't required to do so by law.

CSR is beneficial to business. Most investors regard CSR as evidence of ethical corporate behavior that reduces risk. According to a 2022 study, CSR can improve a company's bottom line by producing value, encouraging innovation, strengthening consumer and employee interactions, and expanding growth opportunities.

CSR has the potential to boost a company's competitiveness, reduce financing costs, and boost total economic value. Furthermore, it is the way of the future. Our earth is being harmed by business as usual. Using business to help others has the ability to save it.

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