# PART- III

## CHAPTER: 8. CORPORATE SOCIAL RESPONSIBILITY: POLICIES, INTERNATIONAL CODES AND STANDARDS

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### INTRODUCTION

Corporate Social Responsibility is not only an act of good practices for humanity but also to provide good working environment to an organization's employees, to pay just remuneration, to give regular leave, to care as a human beings and to care environment of the society. Business organizations in the society are accountable to implement different socially desirable activities not only for stakeholders concerned but also for different external parties. Corporate Social Responsibility is not the only ethical dilemma that financial institutions face in an atmosphere of corrupt corporate practice (Azim et al. 2011) but also these institutions are concerned with commitment for sustainable development but execution of such development procedural function's through compliance with CSR guidelines is difficult.

In present days the Government and other International Organizations have come up with specific policies and guidelines to pay more attention on social and environment issues. The government and other recognized organizations are more focusing on the sensitivity issues of the environment and local community. A key lesson from the recent recession and business scandals in financial sector is that responsible, transparent and ethical leadership is needed in order for companies to develop and maintain a long term commitment to corporate responsibility for the benefit of multiple stakeholders. In addition, the enforcement and monitoring mechanisms to oversee these expectations range from the barely existent to well-resourced government agencies (Ravi Raj Atrey, 2012). Corporate Social Responsibility focuses on creating social and environmental value in addition to economic performance, commonly denominated as the people, planet and profit or Triple P dimensions. Businesses themselves decide to what extent they are willing to assume responsibility for developmental processes that taking place within and beyond the company. Public authorities are increasingly supporting companies that choose to do so. In today's global economy, Corporate Social Responsibility has also become one of the top priorities for trade and commerce. Decreasing tolerance of poor working conditions represents a huge challenge for manufacturers, retailers, and suppliers who must balance these ethical concerns with the need to produce high-quality products at low prices. The certification inspects factories and goods in the countries of origin across the whole supply chain, on behalf of clients and consumers located in the products' final market. Now these standards for social and environment are set to verify compliance to quality, safety and ethical standards.

Social movements, NGO activity and pressure groups during the 70s and 80s led to the mobilization of public opinion demanding from corporations to demonstrate a socially responsible stance. Government is in a unique position to convene necessary stakeholders in order to address social problems through a CSR agenda. In one way or another, governments can partner with foundations and corporations to support business responsibility initiatives. It plays a key role in facilitating meaningful stakeholder dialogue with the business community for example, by building the capacity of civil society actors or by directly facilitating dialogue and multi-stakeholder processes. In India, two dialogue forums directly relevant to CSR policy developments were initiated (Eva, 2007). First, the Coordination Committee to Promote Affirmative Action in the Indian Industry comprises the relevant government ministry offices (mainly the Ministry of Commerce and Industry), Associated Chambers of Commerce and Industry of India, Federation of Indian Chambers of Commerce and Industry, as well as senior representatives of industry. The aim of the partnership is to finalize a Code of Conduct on Affirmative Action and to set up regulator with regional benches to monitor the compliance of the voluntary code of conduct by its members. Another forum is the India Partnership Forum (IPF) which is also involved in this multi-stakeholder dialogue forum. IPF has a more CSR focused brief and addresses issues other than affirmative action, its areas of interest being the adoption and operationalization of a social code for business, the formulation of CSR, providing support to public policy measures on CSR, ensuring the mainstreaming of CSR education in business schools, capacity building for community development, capacity building for sustainable reporting processes and indices, building a CSR knowledge base, and providing communication and advocacy on CSR.

In some cases, governments require companies to enter into stakeholder engagement through mandatory legislation. In many cases, governments can harness the community development potential of corporate philanthropy and social investment through dialogue to optimize their alignment with community needs. In certain cases, they can mandate corporate contributions in return for a license to operate. Such partnerships also aid in raising awareness of specific social problems and link to the engagement of business, as well as the expertise of stakeholders in other sectors. Furthermore, a business-NGO partnership can provide leverage for the availability of private resources to be directly channeled to meet social and environmental solutions.

Government can promote pro-CSR production practices through business, technical and advisory services, and research. This can be achieved through a variety of means. Governments may choose to include CSR-related requirements in public procurement practices; that is, linking their actions as consumers to promotion of pro-CSR production. Other interventions by governmental agencies in some developing countries have included capacity building activities designed to help domestic producers meet CSR standards. Outlines of a broadly complementary initiative in India serve as a good example. The Indian Textiles Committee, part of the Ministry of Textiles, has taken up a national campaign to sensitize the textile and clothing industry, particularly in the SME sector, to address emerging challenges resulting from the forthcoming liberalization of the Indian textile and clothing industry. The Committee is working with the Ministry of Commerce, state governments, and local industry and trade associations on the campaign. Approximately 7,500 company representatives will have taken part in 25 workshops. The aim is to disseminate information on various standards and compliance mechanisms including ISO 9000 QMS, ISO 14000 EMS, and Social Accountability (SA8000) standards, as well as offer technical assistance to encourage implementation.

## 8.1 GUIDELINES ON CORPORATE SOCIAL RESPONSIBILITY AND SUSTAINABILITY DEVELOPMENT FOR CENTRAL PUBLIC SECTOR ENTERPRISES IN INDIA

Department of Public Enterprises (DPE) issued guidelines on Corporate Social Responsibility for Central Public Sector Enterprises (CPSEs). In the revised guidelines, CSR and Sustainability agenda is perceived to be equally applicable to internal stakeholders (particularly, the employees of a company), and a company's Corporate Social Responsibility is expected to cover even its routine business operations and activities. The thrust of CSR and Sustainability is clearly on capacity building, empowerment of communities, inclusive socio-economic growth, environment protection, promotion of green and energy efficient technologies, development of backward regions, and upliftment of the marginalized and under-privileged sections of the society. Making it mandatory in the revised guidelines for CPSEs to take up at least one major project for development of a backward district has the potential of contributing significantly in the long run to socio-economic growth in all the backward regions of the country. In the revised guidelines, the utility of a baseline survey in any need assessment study before taking up a CSR and Sustainability project is recognized, but keeping in view the vocal protests of several CPSEs against making it a mandatory provision, baseline survey is not insisted upon in every case. The CPSEs have been granted the flexibility to opt for other methods, including use of their own in-house expertise and resources for need assessment studies.

Some changes have been made in the financial component of CSR and Sustainability agenda. One, there is no separate allocation of budget for sustainable development, as was mandated earlier. Two, the slab of budgetary expenditure on CSR and Sustainability activities for the CPSEs having PAT over Rs.500 crore in the previous year, would now be from 1% - 2%. This is only a marginal change because, in any case, CPSEs are now advised to maximize their expenditure on CSR activities and move towards the higher end of their respective slabs of budget allocation for this purpose. Third, in the earlier guidelines there was a provision of a minimum expenditure of Rs.3 crores on CSR activities for CPSEs having a net profit of Rs. 100 - 500 crores. This created an anomalous situation vis-à-vis the CPSEs placed in the higher slab, having a net profit of over Rs.500 crore, for which no minimum expenditure was specified in the earlier guidelines. The requirement of a minimum expenditure of Rs.3 crore has been removed in the revised guidelines. However, these CSR guidelines and especially the suggested slabs of budgetary allocation for CSR and Sustainability activities would stand modified as and when the new Company Law brings in provisions in this regard, which would need to be followed by all companies including the CPSEs (Guideline, 2013). The data shows that the few of public sector corporations are following the guideline of Central Public Sector Enterprises (CPSEs) like ONGC, GAIL, IOCL etc. and produce reports for shareholders.

## 8.2 UNITED NATIONS GLOBAL COMPACT (UNGC)

The UN Global Compact is a strategic policy initiative for businesses. This policy is committed to aligning with ten universally accepted principles in the areas of Human Rights, Labour, Environment and Anti-Corruption. By doing so, business as a primary driver of globalization, can help ensure that markets, commerce, technology and finance advance in ways that benefit economies and societies. The United Nations Global Compact, also known as Compact or UNGC, is a United Nations initiative to encourage businesses worldwide to adopt sustainable and socially responsible policies, and to report on their implementation. The Global Compact is the world's largest corporate citizenship initiative with two objectives: "Mainstream the ten principles in business activities around the world" and "Catalyse actions in support of broader UN goals, such as the Millennium Development Goals (MDGs)".

The Union Compact was announced by the then UN Secretary-General Kofi Annan in an address to The World Economic Forum on January 31, 1999, and was officially launched at UN Headquarters in New York on July 26, 2000. The Global Compact Office is supported by Six UN agencies:
1) The United Nations High Commissioner for Human Rights, 2) The United Nations Environment Programme, 3) The International Labour Organization, 4) The United Nations Development Programme, 5) The United Nations Industrial Development Organization and 6) The United Nations Office on Drugs and Crime.

The UN Global Compact's set of core values in the areas of human rights, labour standards, the environment and anti-corruption are as follows (UNGC Website, 2013):

| | |
|---|---|
| **Human Rights** | Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights |
| | Principle 2: Make sure that they are not complicit in human rights abuses |
| **Labour** | Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining |
| | Principle 4: The elimination of all forms of forced and compulsory |

| | |
|---|---|
| | labour |
| | Principle 5: The effective abolition of child labour |
| | Principle 6: The elimination of discrimination in respect of employment and occupation |
| **Environment** | Principle 7: Businesses should support a precautionary approach to environmental challenges |
| | Principle 8: Undertake initiatives to promote greater environmental responsibility |
| | Principle 9: Encourage the development and diffusion of environmentally friendly technologies. |
| **Anti-Corruption** | Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery |

## 8.3 OECD GUIDELINES FOR MULTINATIONAL ENTERPRISES

The OECD (Organization for Economic Co-operation and Development) Guidelines for Multinational Enterprises are recommendations addressed by governments to multinational enterprises. The mission of the OECD is to promote policies that will improve the economic and social well-being of people around the world. The Guidelines aim to ensure that the operations of these enterprises are in harmony with government policies, to strengthen the basis of mutual confidence between enterprises and the societies in which they operate, to help improve the foreign investment climate and to enhance the contribution to sustainable development made by multinational enterprises. The Guidelines are part of the OECD Declaration on International Investment and Multinational Enterprises which relate to national treatment, conflicting requirements on enterprises, and international investment incentives and disincentives. The Guidelines provide voluntary principles and standards for responsible business conduct consistent with applicable laws and internationally recognized standards. However, the countries adhering to the Guidelines make a binding commitment to implement them in accordance with the Decision of the OECD Council on the OECD Guidelines for Multinational Enterprises. Furthermore, matters covered by the Guidelines may also be the subject of national law and international commitments. The OECD Guidelines for

Multinational Enterprises are far reaching recommendations for responsible business conduct that 44 adhering governments, representing all regions of the world and accounting for 85% of foreign direct investment, encourage their enterprises to observe wherever they operate. The OECD Guidelines for Multinational Enterprises are non-binding recommendations covering all major areas of business ethics addressed by governments to multinational enterprises operating in or from adhering countries. The Guidelines were adopted on 21 June 1976 by OECD member states. The last update of the OECD Guidelines was adopted in May 2011. The new text introduces provisions on human rights, workers and wages, and climate change. It establishes that enterprises should avoid causing or contributing to adverse impacts through their own activities or through business relationships, and it recommends that companies exercise due diligence to ensure they live up to their responsibilities (OECD Guideline, 2011).

### 8.3.i Content

The OECD Guidelines provide voluntary principles and standards for responsible business conduct in the following areas - Information disclosure, Human Rights, Employment, combating bribery, bribe solicitation and extortion, Consumer interests, Science and technology, Competition and Taxation.

### 8.3.ii Core issues

The core issues included in the OECD Guidelines are Respect for labour standards, Contribution to sustainable development, Respect for human rights, Environment protection, Combating Bribery and corruption, Whistle-blower protection and Supply chain responsibility.

## 8.4 SA8000 - SOCIAL ACCOUNTABILITY INTERNATIONAL (SAI)

SA 8000 is a human rights organization founded in 1996 that seeks to improve workplace conditions and communities around the world by developing and implementing socially responsible standards. To fulfill its mission, SAI convenes all key sectors, including workers and trade unions, companies, government, non-governmental organizations, socially responsible investors and consumers, to operate consensus based voluntary standards; accredits qualified organizations to verify compliance; and promotes understanding and implementation of such standards worldwide. SAI systems feature certification of compliance at the facility level and support for companies seeking to implement standards. SAI leverages the power of responsible consumers and investors by identifying companies and other organizations that adopt and implement standards (SA 8000 Standard).

### 8.4.i Overview of SA8000 Standard

SAI's first social accountability system is SA8000. It is prepared as a tool for retailers, brand companies, suppliers and other organizations to assure good and decent working conditions in the supply chain. SA8000 is a leading workplace standard and verification system because it offers a unique combination of attributes that make it highly credible and efficient. SA8000 is based on international workplace norms in the ILO conventions and the UN's Universal Declaration of Human Rights and the Convention on Rights of the Child.

Following are main features of SA8000 standard (SA8000 Guideline):

1. **Child Labor** – No workers under the age of 15; minimum lowered to 14 for countries operating under the ILO Convention 138 developing-country exception; remediation of any child found to be working.

2. **Forced Labor** – No forced labor, including prison or debt bondage labor; no lodging of deposits or identity papers by employers or outside recruiters.

3. **Health and Safety** – It provides a safe and healthy work environment; takes steps to prevent injuries; regular health and safety worker training; system to detect threats to health and safety; access to bathrooms and potable water.

4. **Freedom of Association and Right to Collective Bargaining** – Respect the right to form and join trade unions and bargain collectively where law prohibits these freedoms, facilitate parallel means of association and bargaining.

5. **Discrimination** – No discrimination based on race, caste, origin, religion, disability, gender, sexual orientation, union or political affiliation, or age; no sexual harassment.

6. **Discipline** – No corporal punishment, mental or physical coercion or verbal abuse.

7. **Working Hours** – Comply with the applicable law but, in any event, no more than 48 hours per week with at least one day off for every seven day period; voluntary overtime paid at a premium rate and not to exceed 12 hours per week on a regular basis; overtime may be mandatory if part of a collective bargaining agreement.

**8. Compensation** – Wages paid for a standard work week must meet the legal and industry standards and be sufficient to meet the basic need of workers and their families; no disciplinary deductions.

**9. Management Systems** – Facilities seeking to gain and maintain certification must go beyond simple compliance to integrate the standard into their management systems and practices.

## 8.5 GLOBAL REPORTING INITIATIVE (GRI)

The Global Reporting Initiative (GRI) is a non-profit organization that promotes economic sustainability. GRI was founded in Boston in 1997. Its roots lay within the US non-profit organizations the Coalition for Environmentally Responsible Economies (CERES) and the Tellus Institute. It produces one of the world's most prevalent standards for sustainability reporting also known as ecological footprint reporting, Environmental Social Governance (ESG) reporting, Triple Bottom Line (TBL) reporting, and Corporate Social Responsibility (CSR) reporting. GRI seeks to make sustainability reporting by all organizations and comparable to financial reporting. A sustainability report is an organizational report that gives information about economic, environmental, social and governance performance.

| Launch of GRI Guidelines | Year |
|---|---|
| First Version | 2000 |
| Second Version (G2) | 2002 |
| Third Version (G3) | 2006 |
| Fourth Version (G3.1) | 2011 |
| Latest Version (G4) | 2013 |

GRI Guidelines are regarded to be widely used. More than 4,000 organizations from 60 countries use the Guidelines to produce their sustainability reports. GRI Guidelines apply to corporate businesses, public agencies, smaller enterprises, NGOs, industry groups and others. For municipal governments, they have generally been subsumed by similar guidelines from the UN ICLEI. GRI's inclusive, multi-stakeholder approach was established early, when it was still a department of CERES. In 1998 a multi-stakeholder Steering Committee was established to develop GRI's guidance. A pivotal mandate of the Steering Committee was to "do more than the environment". On this advice, the framework's scope was broadened to include social, economic and governance issues. GRI's guidance became a Sustainability Reporting Framework, with Reporting Guidelines. Corporate Social Responsibility reporting focuses vary by business, by size, by sector and even by geographic region. The area of CSR reporting is quite big and it includes all the good practices that increase the business profitability and can preserve interest of all stakeholders.


Sustainability reporting can be considered as synonymous with other terms for non-financial reporting; triple bottom line reporting, Corporate Social Responsibility reporting, and more. It is also an intrinsic element of integrated reporting; a recent development that combines the analysis of financial and non-financial performance. Since 1999, GRI has provided a comprehensive Sustainability Reporting Framework that is widely used around the world. The cornerstone of the Framework is the Sustainability Reporting

Guidelines. As a result of the credibility, consistency and comparability it offers, GRI's Framework has become a de facto standard in sustainability reporting (GRI site).

Major providers of sustainability reporting guidance include:

• The Global Reporting Initiative (The GRI Sustainability Reporting Framework and Guidelines)

• Organization for Economic Cooperation and Development (OECD Guidelines for Multinational Enterprises)

• The United Nations Global Compact (the Communication on Progress)

• International Organization for Standardization (ISO 26000, International Standard for social responsibility)

## 8.6 ISO 26000: GUIDANCE ON SOCIAL RESPONSIBILITY

ISO defines a standard as a document, established by consensus and approved by a recognized body that provides for common and repeated use, rules, guidelines or characteristics for activities or their results, aimed at the achievement of the optimum degree of order in a given context (ISO 26000, 2010-11). ISO, the International Organization for Standardization, has launched an International Standard providing guidelines for Social Responsibility (SR) named ISO 26000 or simply ISO SR and was released on 1 November 2010. ISO 26000 is an international guidance document on social responsibility. It provides an organisation with an outline of the principles and core subjects that it should be managing to ensure it identifies and manages a number of societal risks and impacts. The guidance covers 7 core subject areas as presented below (ISO 26000, 2012):


**Seven (7) Core Areas**

This clause provides guidance on seven principles of social responsibility.

**1. Accountability**

This principle suggests that an organization should accept appropriate scrutiny and also accept a duty to respond to this scrutiny. Accountability involves an obligation on management to be answerable to the controlling interests of the organization and on the organization to be answerable to legal authorities with regard to laws and regulations. Accountability for the overall impact of its decisions and activities on society and the environment also implies that the organization's answerability to those affected by its decisions and activities, as well as to society in general, varies according to the nature of the impact and the circumstances. An organization should account for -

- The impacts of its decisions and activities on society, the environment and the economy, especially significant negative consequences and
- The actions taken to prevent repetition of unintended and unforeseen negative impacts.

**2. Transparency**

The principle of transparency does not require that proprietary information be made public, nor does it involve providing information that is privileged or that would breach legal, commercial, security or personal privacy obligations.

An organization should be transparent regarding -

- The purpose, nature and location of its activities.
- The identity of any controlling interest in the activity of the organization.
- The manner, in which its decisions are made, implemented and reviewed, including the definition of the roles, responsibilities, accountabilities and authorities across the different functions in the organization.
- Standards and criteria against which the organization evaluates its own performance relating to social responsibility.
- Its performance on relevant and significant issues of social responsibility.
- The sources, amounts and application of its funds.
- The known and likely impacts of its decisions and activities on its stakeholders, society, the economy and the environment and
- Its stakeholders and the criteria and procedures used to identify, select and engage them.

**3. Ethical Behaviour**

The principle said an organization should behave ethically. An organization's behaviour should be based on the values of honesty, equity and integrity. These values imply a concern for people, animals and the environment and a commitment to address the impact of its activities and decisions on stakeholders' interests.

An organization should actively promote ethical behaviour by -

- Identifying and stating its core values and principles.
- Developing and using governance structures that help to promote ethical behaviour within the organization, in its decision making and in its interactions with others.
- Identifying, adopting and applying standards of ethical behaviour appropriate to its purpose and activities and consistent with the principles outlined in this International Standard.
- Encouraging and promoting the observance of its standards of ethical behavior.
- Defining and communicating the standards of ethical behaviour expected from its governance structure, personnel, suppliers, contractors and, when appropriate, owners and managers, and particularly from those that have the opportunity, while preserving local cultural identity, to significantly influence the values, culture, integrity, strategy and operation of the organization and people acting on its behalf.
- Preventing or resolving conflicts of interest throughout the organization that could otherwise lead to unethical behavior.
- Establishing and maintaining oversight mechanisms and controls to monitor support and enforce ethical behaviour.
- Establishing and maintaining mechanisms to facilitate the reporting of unethical behaviour without fear of reprisal.
- Recognizing and addressing situations where local laws and regulations either do not exist or conflict with ethical behaviour.
- Adopting and applying internationally recognized standards of ethical behaviour when conducting research with human subjects and

- Respecting the welfare of animals, when affecting their lives and existence, including by providing decent conditions for keeping, breeding, producing, transporting and using animals.

**4. Respect for Stakeholder Interests**

The principle is an organization should respect, consider and respond to the interests of its stakeholders. Although an organization's objectives may be limited to the interests of its owners, members, customers or constituents, other individuals or groups may also have rights, claims or specific interests that should be taken into account. Collectively, these individuals or groups comprise the organization's stakeholders. An organization should -

- Identify its stakeholders.
- Recognize and have due regard for the interests as well as the legal rights of its stakeholders and respond to their expressed concerns.
- Recognize that some stakeholders can significantly affect the activities of the organization.
- Assess and take into account the relative ability of stakeholders to contact, engage with and influence the organization.
- Take into account the relation of its stakeholders' interests to the broader expectations of society and to sustainable development, as well as the nature of the stakeholders' relationship with the organization and
- Consider the views of stakeholders whose interests are likely to be affected by a decision or activity even if they have no formal role in the governance of the organization or are unaware of these interests.

**5. Respect for the Rule of Law**

The principle is says an organization should accept that respect for the rule of law is mandatory. An organization should -

- Comply with legal requirements in all jurisdictions in which the organization operates, even if those laws and regulations are not adequately enforced.
- Ensure that its relationships and activities comply with the intended and applicable legal framework.
- keep itself informed of all legal obligations and
- Periodically review its compliance with applicable laws and regulations.

**6. Respect for International Norms of Behaviour**

The principle is that an organization should respect international norms of behaviour, while adhering to the principle of respect for the rule of law -

- In situations where the law or its implementation does not provide for adequate environmental or social safeguards, an organization should strive to respect, as a minimum, international norms of behaviour.
- In countries where the law or its implementation conflicts with international norms of behaviour, an organization should strive to respect such norms to the greatest extent possible.
- In situations where the law or its implementation is in conflict with international norms of behaviour and where not following these norms would have significant consequences, an organization should, as feasible and appropriate, review the nature of its relationships and activities within that jurisdiction.
- An organization should consider legitimate opportunities and channels to seek to influence relevant organizations and authorities to remedy any such conflict.
- An organization should avoid being complicit in the activities of another organization that are not consistent with international norms of behaviour.

**7. Respect for Human Rights**

An organization should respect human rights and recognize both their importance and their universality. An organization should -

- Respect and, where possible, promote the rights set out in the International Bill of Human Rights.
- Respect the universality of these rights, that is, that they are indivisibly applicable in all countries, cultures and situations.
- In situations where human rights are not protected, take steps to respect human rights and avoid taking advantage of these situations and
- In situations where the law or its implementation does not provide for adequate protection of human rights, adhere to the principle of respect for international norms of behaviour.

## 8.7 ACCOUNTABILITY 1000

AccountAbility is an independent, global, not-for-profit organization promoting accountability, sustainable business practices and corporate responsibility. It is a self-managed partnership, governed by its multi-stakeholder network. AccountAbility was established in London, United Kingdom in 1995 with the stated aim to "develop new tools, thinking and connections that enable individuals, institutions and alliances to respond better to global challenges". The organization has offices in London, New York, Washington D.C., Johannesburg, São Paulo and Beijing. AccountAbility's work is closely related but not limited to the Corporate Social Responsibility field.

AccountAbility's AA1000 series are principles-based standards to help organizations become more accountable, responsible and sustainable. They address issues affecting governance, business models and organizational strategy, as well as providing operational guidance on sustainability assurance and stakeholder engagement. The AA1000 standards are designed for the integrated thinking required by the low carbon and green economy, and support integrated reporting and assurance. It describes how to establish commitment to stakeholder engagement; how to integrate stakeholder engagement with engagement with governance, strategy and operations' how to determine the purpose, scope and stakeholder; and the processes that will deliver quality and inclusive engagement practice, and valued outcomes.

### 8.7.i The AA1000 Series of Standards

- The AA1000 AccountAbility Principles Standard (AA1000APS) provides a framework for an organization to identify, prioritize and respond to its sustainability challenges.
- The AA1000 Assurance Standard (AA1000AS) provides a methodology for assurance practitioners to evaluate the nature and extent to which an organization adheres to the AccountAbility Principles.
- The AA1000 Stakeholder Engagement Standard (AA1000SES) provides a framework to help organizations ensure stakeholder engagement processes are purpose driven, robust and deliver results.

## 8.8 WORLDWIDE RESPONSIBLE ACCREDITED PRODUCTION (WRAP)

Worldwide responsible accredited production is a not-for-profit 501(c)(6) organization dedicated to promoting ethical, humane, and lawful conditions and practices in manufacturing facilities all around the world. The WRAP certification program mainly focuses on the apparel, footwear and sewn products sectors and is expanding into all labor-intensive sectors, such as hotels, jewelry, furniture, construction and more.

The organization is charted to develop a series of codes and practices governing manufacturing conditions worldwide and is also tasked with licensing independent auditing firms to conduct audits based on those codes and practices. It is not a membership organization, and does not certify brands or businesses, only facilities. WRAP is an independent, objective, non-profit team of global social compliance experts dedicated to promoting safe, lawful, humane, and ethical manufacturing around the world through certification and education. The WRAP Principles are based on generally accepted international workplace standards, local laws and workplace regulations which encompass human resources management, health and safety, environmental practices, and legal compliance including import/export and customs compliance and security standards.

## 8.9 BUSINESS SOCIAL COMPLIANCE INITIATIVE (BSCI )

In 2003, BSCI was established by the Foreign Trade Association (FTA) in order to create consistency and harmonization for companies wanting to improve their social compliance in the global supply chain. The ultimate goal of BSCI is to improve the working conditions in the global supply chain worldwide. The Business Social Compliance Initiative is business-driven initiative for companies committed to improving working conditions in factories and farms worldwide. They unite more than 1000 companies around a development-oriented system applicable to all sectors and sourcing countries. BSCI aims to establish a common platform for the various European companies Codes of Conducts and monitoring systems, it also lays the groundwork for a common monitoring system for social compliance. The experience and the know-how gained by companies and associations from their monitoring systems were the foundations of the BSCI approach and management instruments. In 2004 the development phase was achieved and the system has since been implemented worldwide. The BSCI monitoring system offers a common CSR approach for European retailers, importers, and manufacturers. The initiative's goal is to continuously improve the social performance of suppliers, leading to best practices such as SA8000 certification or equivalent and sustainably enhancing working conditions in factories worldwide.

Within the scope of options for action and appropriate measures, these supplier companies have to aim at the implementation of certain criteria in a development approach. These criteria are -

1. Freedom of Association and the Right to Collective Bargaining are respected
2. Prohibition of Discrimination
3. Child labour prohibited
4. Legal minimum and/or industry standards wages are paid
5. Working hours are compliant with national laws and do not exceed 48 hours regular + 12 hours overtime
6. No forced labour
7. The workplace is safe and healthy
8. The environment is respected
9. Policy for Social Accountability
10. Policy for anti-bribery and anti-corruption

## 8.10 ETHICAL TRADE INITIATIVE (ETI)

The Ethical Trading Initiative (ETI) is a ground-breaking alliance of companies, trade unions and voluntary organisations. They work in partnership to improve the lives of poor and vulnerable workers across the globe who make or grow consumer goods everything from tea to T-shirts, from flowers to footballs. Their vision is a world where all workers are free from exploitation and discrimination, and work in conditions of freedom, security and equity. The corporate members' ethical trade activities touched the lives of over 9.8 million workers. Established in 1998 with the backing of the Department for International Development (DFID), ETI now has over 70 member companies with a combined turnover of over £107 bn. Trade union members represent nearly 160 million workers around the world in every country where free trade unions can operate. NGO members range from large international development charities such as Oxfam and CAFOD, to specialised labour rights organisations such as Anti-Slavery International.

Ethical trade means that retailers, brands and their suppliers take responsibility for improving the working conditions of the people who make the products they sell. Most of these workers are employed by supplier companies around the world, many of them based in poor countries where laws designed to protect workers' rights are inadequate or not enforced. Companies with a commitment to ethical trade adopt a code of labour practice that they expect all their suppliers to work towards. Such codes address issues like wages, hours of work, health and safety and the right to join free trade unions. The issues in the ETI Base Code are -

- Employment is freely chosen
- Freedom of association and the right to collective bargaining are respected
- Working conditions are safe and hygienic
- Child labour shall not be used
- Living wages are paid
- Working hours are not excessive
- No discrimination is practiced
- Regular employment is provided
- No harsh or inhumane treatment is allowed

## 8.11 THE CAUX ROUND TABLE (CRT) PRINCIPLES FOR RESPONSIBLE BUSINESS

The Caux Round Table (CRT) Principles for Responsible Business set forth ethical norms for acceptable businesses behaviour. Trust and confidence sustain free markets and ethical business practices provide the basis for such trust and confidence. But lapses in business integrity, whether among the few or the many, compromise such trust and hence the ability of business to serve humanity's needs.

The Caux Round Table's approach to responsible business consists of seven core principles as detailed below. The principles recognize that while laws and market forces are necessary, they are insufficient guides for responsible business conduct. The principles are rooted in three ethical foundations for responsible business and for a fair and functioning society more generally, namely: responsible stewardship; living and working for mutual advantage; and the respect and protection of human dignity.

**Principle 1 - Respect Stakeholders beyond Shareholders**

- A responsible business acknowledges its duty to contribute value to society through the wealth and employment it creates and the products and services it provides to consumers.
- A responsible business maintains its economic health and viability not just for shareholders, but also for other stakeholders.
- A responsible business respects the interests of, and acts with honesty and fairness towards, its customers, employees, suppliers, competitors, and the broader community.

**Principle 2 – Contribute to Economic, Social and Environmental Development**

- A responsible business recognizes that business cannot sustainably prosper in societies that are failing or lacking in economic development.
- A responsible business therefore contributes to the economic, social and environmental development of the communities in which it operates, in order to sustain its essential 'operating' capital – financial, social, environmental, and all forms of goodwill.
- A responsible business enhances society through effective and prudent use of resources, free and fair competition, and innovation in technology and business practices.

**Principle 3 – Build Trust by going beyond the Letter of the Law**

- A responsible business recognizes that some business behaviors, although legal, can nevertheless have adverse consequences for stakeholders.
- A responsible business therefore adheres to the spirit and intent behind the law, as well as the letter of the law, which requires conduct that goes beyond minimum legal obligations.
- A responsible business always operates with candor, truthfulness, and transparency, and keeps its promises.

**Principle 4 – Respect Rules and Conventions**

- A responsible business respects the local cultures and traditions in the communities in which it operates, consistent with fundamental principles of fairness and equality.
- A responsible business, everywhere it operates, respects all applicable national and international laws, regulations and conventions, while trading fairly and competitively.

**Principle 5 – Support Responsible Globalisation**

- A responsible business, as a participant in the global marketplace, supports open and fair multilateral trade.
- A responsible business supports reform of domestic rules and regulations where they unreasonably hinder global commerce.

**Principle 6 – Respect the Environment**

- A responsible business protects and, where possible, improves the environment, and avoids wasteful use of resources.
- A responsible business ensures that its operations comply with best environmental management practices consistent with meeting the needs of today without compromising the needs of future generations.

**Principle 7 – Avoid Illicit Activities**

- A responsible business does not participate in, or condone, corrupt practices, bribery, money laundering, or other illicit activities.
- A responsible business does not participate in or facilitate transactions linked to or supporting terrorist activities, drug trafficking or any other illicit activity.
- A responsible business actively supports the reduction and prevention of all such illegal and illicit activities.

| | **Traditional Method** | **Responsible Method** |
|---|---|---|
| **CSR Activities** | **Doing Responsible Things** | **Doing Responsible Things Responsibly** |
| **Traditional Activities** | **Doing Business** | **Doing Things Responsibly** |

Source: SCHEME, 2007

The European Commission and other international organisations encourage enterprises to base their approach to Corporate Social Responsibility on internationally recognised CSR guidelines and principles. This is especially the case for larger enterprises and for enterprises seeking to adopt a more formal approach to CSR. These all Standards contributes to the efforts of multiple stakeholders seeking to improve global working conditions through a combination of research and direct engagement strategies emphasizing the importance of measuring social and environmental performance when evaluating corporate accountability.

As governments noted the role of the business sector has become vital in the process of globalisation and efforts to promote sustainable development. Decisions by business have a direct impact on all levels of society: economic, social and environmental. Expectations of the business sector to contribute at all levels will continue to grow. For business, this poses a number of challenges (Paul Hohnen, 2008). These include how to -

- understand and use the evolving landscape of instruments and initiatives relevant to CSR for developing internal programs and management systems that underpin their commitment to good corporate citizenship and good business and employee conduct.
- help contribute to the CSR landscape for further development and improvement, and ensure that CSR instruments are available for organisations of all sizes, operating in all regions and languages.
- help monitor implementation of corporate responsibility standards and norms, and measure their contribution to global public goods and compliance with national laws and
- maximize the operational benefits (and minimize the transaction costs) involved for itself and society in general in using CSR instruments.

A central consideration for business organisations must be how well private CSR initiatives reflect and reinforce government agreements on labour, social and environmental standards. This nexus with agreed international norms is essential to guarantee that the instrument has solid foundations, and provides a basis for "level playing field" operations across supply chains and investment relations worldwide.

## 8.12 DATA INTERPRETATIONS

Following are few tables and diagrams of all three sectors of public, private and MNC companies in Vadodara region - The data shows that the public sector companies (86.66%) have written CSR policy and based on the policy the companies try to reach their goal in an effective manner. In private sector companies only 40% said that they have written policy for CSR. In MNC sector, 60% stated that they have policy on CSR, but their pan India office/Head office outside India is doing CSR activities in a proper way (Table 1 & Figure 1).

| CORPORATES | CSR POLICY | |
|---|---|---|
| | Yes | No |
| Public Sector (15) | 13 | 03 |
| Private Sector (30) | 12 | 18 |
| MNC Sector (15) | 09 | 06 |

**Table 1 CSR Policy**

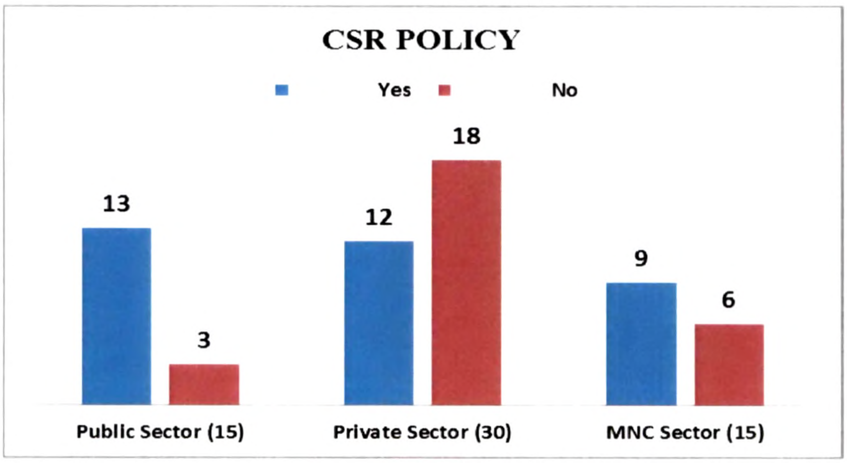


**Figure 1 CSR Policy**

The data shows that only a few number of companies have received awards in the field of CSR. 53.33% of Public sector companies said that they had been bestowed with CSR awards. The view upon CSR award received of Private sector (23.33% ) and MNC sector (20% ) is least. (Table 2 & Figure 2).

| CORPORATES | CSR AWARDS | |
|---|---|---|
| | Yes | No |
| Public Sector (15) | 08 | 07 |
| Private Sector (30) | 07 | 23 |
| MNC Sector (15) | 03 | 12 |

**Table 2 CSR Awards**

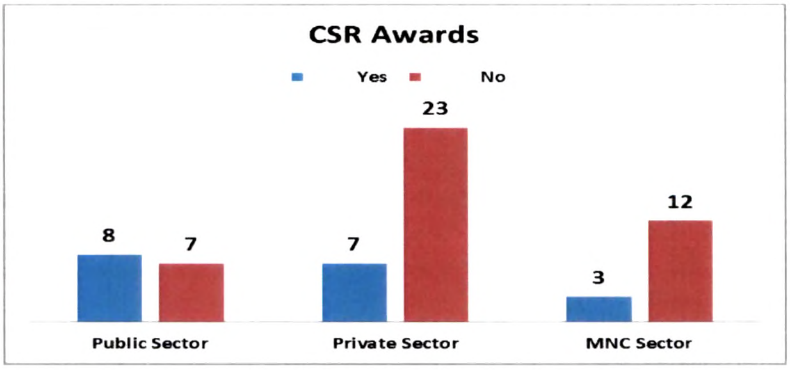


**Figure 2 CSR Awards**

The data represents that most of the public sector companies reports of CSR are national as well as locally based. Majority of the private sector companies said their CSR reports are locally based and the MNC sector companies stated that their CSR reports are based on both nationally and internationally (Table 3 & Figure 3).

| CORPORATES | CSR REPORTS BASDED | | |
|---|---|---|---|
| | Local | National | International |
| Public Sector (15) | 12 | 13 | 10 |
| Private Sector (30) | 22 | 13 | 09 |
| MNC Sector (15) | 06 | 08 | 10 |

**Table 3 CSR Reports Based**

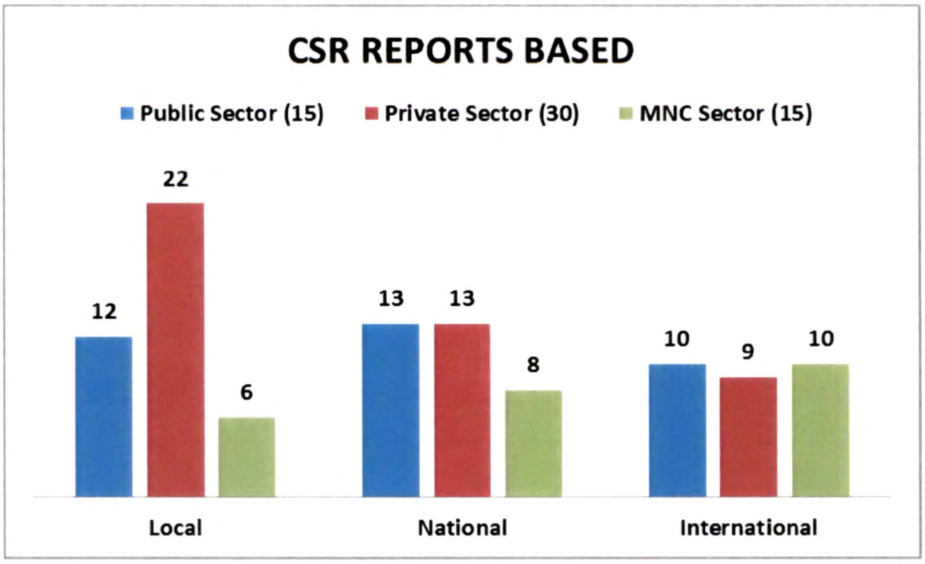


**Figure 3 CSR Reports Based**

## 8.13 MAJOR FINDINGS AND INTERPRETATIONS

The data collected from the three sectors of corporations clearly indicates that only few of the corporates are following the written guideline and international codes and standards although each standard is not applicable to other sector of industry. For example, Guidelines on Corporate Social Responsibility and Sustainability Development for Central Public Sector Enterprises is only applicable to public sector companies in India. ONGC, IOCL, GAIL etc. are following the guidelines effectively. The data is also found that SA 8000 is regarded as one of the vital and popular standard for CSR. The public sector companies like ONGC, IOCL, GAIL etc. are publish their GRI Reporting in a regular way to describe company's economic, environment, social and social performance. Besides these public sectors, Reliance Industries Limited, one of the largest private companies in India, also produces GRI Reporting. It is also found that most of these sectors people whom interviewed are not so aware of all these standards which have developed to work in an effective way. The data has found that the corporates are willing to know about the CSR guidelines and would interest to avail later course of time.