

**CORPORATE SOCIAL RESPONSIBILITY
VOLUNTARY GUIDELINES
2009**



INDIA 
CORPORATE
WEEK

December 14 – 21, 2009



Ministry of Corporate Affairs
Government of India

CORPORATE SOCIAL RESPONSIBILITY
VOLUNTARY GUIDELINES
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**Ministry of Corporate Affairs
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Ministry of Corporate Affairs



Salman Khurshid
Minister of State
(I/C) for Corporate Affairs

FOREWORD

The Indian corporate sector has seen the current decade as a period of high growth and the emergence of a strong India Inc. having a significant global footprint. The decade also saw the financial crisis that shook the global markets. While the corporate sector is recovering from the jolt of the global financial crisis, the future is looking bright. However, the corporate sector is also standing in the midst of a sustainability crisis that poses a threat to the very existence of business. What we have before us is a cross-road where one path leads us to inclusive growth and the other may lead to unsustainable future. However, the first path will require careful nurturing for which all stakeholders need to assume and discharge their respective responsibilities.

We have seen the business sector generating wealth and value for the shareholders in the last sixty years, but simultaneously we also have the problems of poverty, unemployment, illiteracy, malnutrition etc. facing the nation. The corporate growth is sometimes seen as widening the gap between the India and Bharat through its income – skewing capability. This gap needs to be bridged. While the Government undertakes extensive developmental initiatives through a series of sectoral programmes, the business sector also needs to take the responsibility of exhibiting socially responsible business practices that ensures the distribution of wealth and well-being of the communities in which the business operates.

The Indian business has traditionally been socially responsible. From inactive philanthropy to the incorporation of the stakeholders' interest in the business model, the Indian business sector practices various methods of discharging its social responsibility. While a lot of human and economic energy is available for utilization in this area, a suitable mechanism is required to channelize this energy for which the Government, corporate sector and the communities need to partner together. Against this background, the Ministry of Corporate Affairs has decided to bring out a set of voluntary guidelines for responsible business which will add value to the operations and contribute towards the long term sustainability of the business. These guidelines will also enable business to focus as well as contribute towards the interests of the stakeholders and the society.

At a time when the Government is engaged with delivery of a gigantic national development initiative and is taking a leadership position on various global issues, I am sure that India Inc. will be ready to walk step in step with the Government to discharge their responsibilities towards national development. I look forward to more and more businesses in India adopting these voluntary guidelines and partnering in the endeavor of national development.



Salman Khurshid

Minister of State (I/C)
for Corporate Affairs

New Delhi
December, 2009



Ministry of Corporate Affairs



R. Bandyopadhyay
Secretary,
Ministry of Corporate Affairs

PREFACE

The Ministry of Corporate Affairs has adopted the role of an enabler, facilitator and regulator for effective functioning and growth of the corporate sector. A number of initiatives are underway on the legislative, service delivery and capacity building sides so that the corporate sector is provided with a buoyant and enabling regulatory environment for its growth. Simultaneously, the Ministry is also focusing on various issues related to inclusive growth in relation to the development of corporate sector.

The subject of Corporate Social Responsibility has evolved during last few decades from simple philanthropic activities to integrating the interest of the business with that of the communities in which it operates. By exhibiting socially, environmentally and ethically responsible behaviour in governance of its operations, the business can generate value and long term sustainability for itself while making positive contribution in the betterment of the society.

Although we have seen a period of sustained economic growth in the current decade, we still continue to face major challenges on the human side in India. The problems like poverty, illiteracy, malnutrition etc. have resulted in a large section of the population remaining as “un-included” from the mainstream. We need to address these challenges through suitable efforts and interventions in which all the state and non-state actors need to partner together to find and implement innovative solutions.

Indian business has traditionally been socially responsible and some of the business houses have demonstrated their efforts on this front in a laudable manner. However, the culture of social responsibility needs to go deeper in the governance of the businesses. In order to assist the businesses to adopt responsible governance practices, the Ministry of Corporate Affairs has prepared a set of voluntary guidelines which indicate some of the core elements that businesses need to focus on while conducting their affairs. These guidelines have been prepared after taking into account the governance challenges faced in our country as well as the expectations of the society. The valuable suggestions received from trade and industry chambers, experts and other stakeholders along with the internationally prevalent and practiced guidelines, norms and standards in the area of Corporate Social Responsibility have also been taken into account while drafting these guidelines.

The Ministry would look forward to more and more business communities coming forward and adopting these guidelines. We would also welcome comments and suggestions from various stakeholders to enable us to further refine these guidelines and also work out the details of the operational guidance on the principles and core elements that we propose to include in the coming months. I am sure that India Inc. will accept the challenge in making the Indian corporate sector a global leader in responsible business.



R. Bandyopadhyay

Secretary,
Ministry of Corporate Affairs

New Delhi
December, 2009



Ministry of Corporate Affairs

PREAMBLE

The 21st century is characterized by unprecedented challenges and opportunities, arising from globalization, the desire for inclusive development and the imperatives of climate change. Indian business, which is today viewed globally as a responsible component of the ascendancy of India, is poised now to take on a leadership role in the challenges of our times. It is recognized the world over that integrating social, environmental and ethical responsibilities into the governance of businesses ensures their long term success, competitiveness and sustainability. This approach also reaffirms the view that businesses are an integral part of society, and have a critical and active role to play in the sustenance and improvement of healthy ecosystems, in fostering social inclusiveness and equity, and in upholding the essentials of ethical practices and good governance. This also makes business sense as companies with effective CSR, have image of socially responsible companies, achieve sustainable growth in their operations in the long run and their products and services are preferred by the customers.

Indian entrepreneurs and business enterprises have a long tradition of working within the values that have defined our nation's character for millennia. India's ancient wisdom, which is still relevant today, inspires people to work for the larger objective of the well-being of all stakeholders. These sound and all-encompassing values are even more relevant in current times, as organizations grapple with the challenges of modern-day enterprise, the aspirations of stakeholders and of citizens eager to be active participants in economic growth and development.

CSR is not philanthropy and CSR activities are purely voluntary- what companies will like to do beyond any statutory requirement or obligation. To provide companies with guidance in dealing with the abovementioned expectations, while working closely within the framework of national aspirations and policies, following Voluntary Guidelines for Corporate Social Responsibility have been developed. While the guidelines have been prepared for the Indian context, enterprises that have a trans-national presence would benefit from using these guidelines for their overseas operations as well. Since the guidelines are voluntary and not prepared in the nature of a prescriptive road-map, they are not intended for regulatory or contractual use.

While it is expected that more and more companies would make sincere efforts to consider compliance with these Guidelines, there may be genuine reasons for some companies in not being able to adopt them completely. In such a case, it is expected that such companies may inform their stakeholders about the guidelines which the companies have not been able to follow either fully or partially. It is hoped that “India Inc.” would respond to these Guidelines with keen interest.

After considering the experience of adoption of these guidelines by Indian Corporate Sector and consideration of relevant feedback and other related issues, the Government may initiate the exercise for review of these Guidelines for further improvement after one year.



Ministry of Corporate Affairs

GUIDELINES

Fundamental Principle

Each business entity should formulate a CSR policy to guide its strategic planning and provide a roadmap for its CSR initiatives, which should be an integral part of overall business policy and aligned with its business goals. The policy should be framed with the participation of various level executives and should be approved by the Board.

Core Elements:

The CSR Policy should normally cover following core elements:

1. Care for all Stakeholders:

The companies should respect the interests of, and be responsive towards all stakeholders, including shareholders, employees, customers, suppliers, project affected people, society at large etc. and create value for all of them. They should develop mechanism to actively engage with all stakeholders, inform them of inherent risks and mitigate them where they occur.

2. Ethical functioning:

Their governance systems should be underpinned by Ethics, Transparency and Accountability. They should not engage in business practices that are abusive, unfair, corrupt or anti-competitive.

3. Respect for Workers' Rights and Welfare:

Companies should provide a workplace environment that is safe, hygienic and humane and which upholds the dignity of employees. They should provide all employees with access to training and development of necessary skills for career advancement, on an equal and non-discriminatory basis. They should uphold the freedom of association and the effective recognition of the right to collective bargaining of labour, have an effective grievance redressal system, should not employ child or forced labour and provide and maintain equality of opportunities without any discrimination on any grounds in recruitment and during employment.

4. Respect for Human Rights:

Companies should respect human rights for all and avoid complicity with human rights abuses by them or by third party.

5. Respect for Environment:

Companies should take measures to check and prevent pollution; recycle, manage and reduce waste, should manage natural resources in a sustainable manner and ensure optimal use of resources like land and water, should proactively respond to the challenges of climate change by adopting cleaner production methods, promoting efficient use of energy and environment friendly technologies.

6. Activities for Social and Inclusive Development:

Depending upon their core competency and business interest, companies should undertake activities for economic and social development of communities and geographical areas, particularly in the vicinity of their operations. These could include: education, skill building for livelihood of people, health, cultural and social welfare etc., particularly targeting at disadvantaged sections of society.

Implementation Guidance:

1. The CSR policy of the business entity should provide for an implementation strategy which should include identification of projects/activities, setting measurable physical targets with timeframe, organizational mechanism and responsibilities, time schedules and monitoring. Companies may partner with local authorities, business associations and civil society/non-government organizations. They may influence the supply chain for CSR initiative and motivate employees for voluntary effort for social development. They may evolve a system of need assessment and impact assessment while undertaking CSR activities in a particular area. Independent evaluation may also be undertaken for selected projects/activities from time to time.

2. Companies should allocate specific amount in their budgets for CSR activities. This amount may be related to profits after tax, cost of planned CSR activities or any other suitable parameter.

3. To share experiences and network with other organizations the company should engage with well established and recognized programmes/platforms which encourage responsible business practices and CSR activities. This would help companies to improve on their CSR strategies and effectively project the image of being socially responsible.

4. The companies should disseminate information on CSR policy, activities and progress in a structured manner to all their stakeholders and the public at large through their website, annual reports, and other communication media.

Form for voluntary reporting of Corporate Social Responsibility (CSR)

Note - All fields marked in * are to be mandatorily filled.

Part A: General information about the company

1.(a) *Corporate identity number (CIN) of the company

(b) Global location number (GLN) of company

(c) Name of the company

(d) Address of the registered office of the company

(e) *e-mail ID of the company

2. *Period for which CSR is being reported From (DD/MM/YYYY)
To (DD/MM/YYYY)

3.(a) *Whether information in Part B includes information about subsidiary company(s) Yes No

(b) If yes, then indicate number of such subsidiary company(s)

4.(a) *Whether information in Part B includes information about any other entity(s) (e.g. suppliers, value chain etc.) Yes No

(b) If yes, then indicate number of such entity(s)

Part B: CSR information about the company

I. CSR policy

1.(a) *Does the company have a written CSR policy Yes No
If yes, attach a copy

2. Details of director responsible for the CSR policy

| | | |
|---------------------------------------|----------------------|---|
| *Director identification number (DIN) | <input type="text"/> | <input type="button" value="Pre-fill"/> |
| Name | <input type="text"/> | |
| *Designation | <input type="text"/> | |

II. Governance relating to CSR

1. *Indicate the frequency with which the Board of Directors or a committee of the Board addresses social and environmental risks and opportunities

2.(a) *Is there a stakeholder relationship committee or similar committee of the Board of Directors Yes No

(b) If yes, then name of the committee

(c) Number of director(s) who are member of the committee

(d) Details of director(s)

| | | | |
|-------------|---|--|--|
| I DIN | <div style="border: 1px solid black; height: 20px;"></div> | <div style="border: 1px solid black; padding: 2px 5px;">Pre-fill</div> | |
| Name | <div style="border: 1px solid black; background-color: #f0f0f0; height: 30px;"></div> | | |
| Designation | <div style="border: 1px solid black; height: 20px;"></div> | | |

(e) If answer to 2(a) above is yes, list the stakeholder groups with which the committee engages

III. Social and Inclusive Development

1.(a) *Does the company undertake activities for economic and social development of communities and geographical areas, particularly in the vicinity of their operations Yes No

(b) If yes, then indicate the areas in which these activities are conducted

Education Skill building for livelihood of people Health Cultural and social welfare Others

(c) If others, then provide details

IV. Implementation strategy

1. *Indicate amount, if any, actually spent on CSR activities (in Rs.)

2. *Indicate partners/ existing programs/ platforms along with which CSR activities are undertaken

3. *Indicate measures, if any, undertaken to publicly disseminate information on the company's CSR policy, performance and activities covering methods like CSR and Sustainability reports, Website, Balance sheet etc.

V. Environmental and related information (along with respective unit of measurement)

1. Total energy consumption

(a) Electricity

(b) Fuel (nature and quantity to be specified)

2. Total water consumption

3. Total emission of carbon dioxide

Attachments

List of attachments

1. Company CSR policy

2. Company CSR report

3. Company sustainability report

4. Details of subsidiary(s) included in Part B

5. Details of other entity(s) included in Part B

6. Optional attachment(s)

Verification

To the best of my knowledge and belief, the information given in this form and its attachment(s) is correct and complete. I have been authorised by the Board of directors' resolution number * dated * (DD/MM/YYYY) to sign and submit this form.

To be digitally signed by

Managing Director or director or manager or secretary

*Designation

*Director identification number of the director or Managing Director; or Income-tax permanent account number (Income-tax PAN) of the manager; or Membership number, if applicable or income-tax PAN of the secretary (secretary of a company who is not a member of ICSI, may quote his/ her income-tax PAN)

This eForm has been taken on file maintained by the registrar of companies through electronic mode and on the basis of statement of correctness given by the filing company