

## CSR & Social Governance

### (Chapter 8)

(Total= 20 marks)

Time - 1 Hr

Answer the following question.

#### Case Study 1

Social governance is a term that describes the various ways in which societies and communities are managed and organized to address social problems, promote social well-being, and ensure social justice. It encompasses a wide range of activities and initiatives, including government policies and programs, community-based organizations, civil society groups, and citizen participation.

The aim of social governance is to ensure that all members of society have access to basic needs, rights, and opportunities. This includes addressing issues such as poverty, inequality, discrimination, social exclusion, and environmental degradation, among others. Social governance involves engaging citizens and communities in decision-making processes, promoting innovation and collaboration, and using data and evidence to inform policy and decision-making.

Effective social governance is essential for building a more just, equitable, and inclusive society that promotes the well-being of all its members. By engaging citizens, promoting innovation, and fostering collaboration, social governance can help address the complex social challenges we face and create a brighter future for all.

#### Questions:

(5 marks each)

1. Explain the benefits of social governance which can be witnessed from an organizational standpoint.

#### Answer

**Builds a more productive workforce:** Social sustainability improves employee morale, leading to a more productive and engaged workforce.

**Positive consumer reputation:** Consumers are more aware than ever of the social impact of the businesses they choose to patronize. This awareness makes them more likely to work with a business that prioritizes a good quality of life for its employees and less likely to work with ones that don't.

**Creates a more secure supply chain:** Prioritizing the well-being of workers helps prevent supply chain disruptions. Providing workers with proper training, a living wage, and safe working conditions decreases the chance of product defects and staff shortages.

**Improves risk management:** Companies ignoring social governance are more likely to create inferior products or make costly mistakes that can harm their long-term economic growth. For instance, suppose a shipping company forces its truck drivers to drive unreasonably long hours without rest. This decision increases the risk of a sleepy driver getting into a costly accident resulting in employee and/or civilian casualties, destroyed goods, and decreased sales due to bad publicity.

**Lays the groundwork for other aspects of sustainability:** Organizations often overlook the social dimension of sustainability in favour of economic and environmental issues. However, addressing economic and environmental concerns without first building social capital and prioritizing basic human needs can make a company fall short of its full positive potential.

2. A social governance framework is a set of guidelines and practices that organizations can use to manage and address social issues. What components social governance framework typically includes ?

#### Answer

A social governance framework typically includes the following components:

- **Social risk assessment:** Companies can identify and prioritize social issues that are relevant to their operations and stakeholders, and assess the potential impact of these issues on their business.
- **Stakeholder engagement:** Companies can engage with stakeholders to understand their concerns and perspectives on social issues, and incorporate this feedback into their decision-making processes.
- **Policy development:** Companies can develop policies and standards that outline their commitments to addressing social issues, and establish clear expectations for their employees and suppliers.
- **Implementation and monitoring:** Companies can implement their social governance policies and standards, and monitor their performance to ensure that they are meeting their commitments and achieving their goals.
- **Reporting and transparency:** Companies can report on their social governance performance, including their progress towards achieving their goals and any challenges or opportunities that they have identified.

## Case Study 2

Social sustainability involves the creation of policies that mitigate social inequality and promote equal opportunities for all humans to live a high quality of life, regardless of their socio-economic or cultural backgrounds. Building socially sustainable communities and institutions requires the executive bodies to factor equity, diversity, human rights, social cohesion, and labor rights into all decision-making processes and value chains. These tactics aim to create a better social climate for current and future generations.

At an organizational level, Social governance refers to the processes and structures that organizations use to manage and address social issues. This can include issues related to the environment, human rights, labour practices, community development, and other social issues that impact people and the planet. Social Governance is sometimes seen as one of the pillars of ESG, and sometimes as an alternative to ESG encompassing all three components of ESG being – Environmental, Social and Governance.

Social governance involves taking a proactive approach to identifying, addressing, and managing social risks and opportunities, as well as engaging with stakeholders to understand their concerns and perspectives.

### Questions:

(3 marks each)

1. How workplaces can affect or influence social determinants of health (SDoH), and how companies can address each of these through thoughtful policies, procedures, programs and resources ?

### Answer

- **Health and health care:** Do employees and dependents have access to affordable healthcare benefits? Is dental and vision included? Does the company offer an employee assistance program? How robust are parental leave policies? Is management supportive of work/life balance? Is the work environment tobacco-free?

- **Neighborhood and built environment:** Do the location, structure, features and operations of the workplace support a healthy and safe environment? Are there procedures in place to prevent workplace injuries? Are physical movement and ergonomics prioritized? Is there good ventilation with access to fresh air and clean water? Are there environmental sustainability efforts?

- **Economic stability:** Does the company have a stable workforce and do employees feel a sense of job security? Is pay fair and equitable regardless of race, ethnicity or gender? Are there onboarding orientations and developmental plans in place for employees to learn new skills and grow? Are there adequate opportunities for mentorship and advancement? Does the company offer a savings plan or 401K? Are financial literacy programs available?

- **Education:** Does the company offer educational assistance such as tuition reimbursement, college planning or support for external training or certification courses? Are there academic affiliations

and internship opportunities? Are there retraining and reskilling programs for mothers or other employees returning to work after an absence?

- **Social and community context:** Are there affinity groups that employees may join to share experiences and best practices, volunteer together or gather for social engagement? Do employees feel a sense of belonging? Does the company measure employee engagement and management support? Is there engagement with local community programs? Are there efforts to diversify the hiring pipeline and succession plans?

2. How can companies develop and implement effective human rights policies within their operations?

**Answer**

**Human rights policies:** Companies can develop and implement policies that promote human rights, including respect for labour rights, protection of workers' health and safety, and respect for the rights of indigenous peoples and other marginalized groups.

**Due diligence:** Companies can conduct human rights due diligence to identify and assess any human rights risks associated with their operations, supply chains, and business relationships. This can involve engaging with stakeholders, conducting impact assessments, and developing action plans to address any identified risks.

**Supplier standards:** Companies can establish standards for their suppliers to ensure that they respect human rights and meet labour and environmental standards. This can involve conducting regular audits and assessments of supplier practices and taking action to address any non-compliance.

**Community engagement:** Companies can engage with local communities to understand their human rights concerns and identify opportunities to support human rights development. This can involve establishing community partnerships, providing education and training programs, and supporting local economic development.

**Reporting and transparency:** Companies can report on their human rights performance and disclose information about their human rights policies, practices, and impacts. This can involve publishing human rights reports, engaging with stakeholders, and participating in industry initiatives to promote transparency and accountability.

Q3. (4 marks)

Product safety is the capacity of a product to be considered safe for its intended use. In this context, policies aimed to safeguard humans from the dangers of product usage is referred to as product safety. In the event that a product is not safe, it can lead to severe and even life-threatening harm. Strangling, amputations, broken bones, choking risks, lacerations, and other injuries are all examples of potential harm from products. Because of this, producers must make an effort to ensure that all items are safe for consumers. Why is it crucial for the food sector to follow strict safety standards during production and distribution? Explain its importance.

**Answer**

At all stages of the manufacturing process, breaches or contamination can occur. This can lead to serious problems, such as food poisoning or hardware malfunctions, which not only reduce the value of your products but endanger consumers.

**Here are some specific reasons why product safety is crucial:**

**1. Reduces the Risk of Foodborne Illness**

The food sector is in particular need of following safety standards. Food products can come in contact with particles and pathogens at any point in the production cycle. Consumption of these products may result in food poisoning with common symptoms like nausea, vomiting, stomach cramps, and diarrhea. Some people are highly susceptible to this, including young children, pregnant women, older adults, and those with compromised immune systems because of medical conditions like diabetes and liver disease.

**2. Eliminates the Potential to Cause Serious Harm**

In the tech sector, using poor-quality parts and incorrect assembly may lead cause serious harm. Stories of smartphones exploding and injuring people proliferated in the news in 2016. This was due to electrolytes in the batteries producing gas that eventually built up and made the phones burst. This led to some buyers getting burns and other injuries.

### **3. Protects the Company's Standing**

Inadvertently causing harm to consumers is something that shouldn't happen. Business owners are morally obliged to keep their products in the best condition for consumer use. Once the clients lose their trust in the business, company will have difficulty regaining that trust back, and even the most loyal customers might think twice or thrice about buying from the company.

**BEST OF LUCK**