

CSR & Social Governance

(Chapter 6)

(Total= 20 marks)

Time - 1 Hr

Answer the following question.

Case Study 1

Corporate or a Corporation is derived from the Latin term “corpus” which means a “body”. Governance means administering the processes and systems placed for satisfying stakeholder expectation. The root of the word Governance is from ‘gubernate’, which means to steer. When combined, Corporate Governance means a set of systems, procedures, policies, practices, standards put in place by a corporate to ensure that relationship with various stakeholders is maintained in transparent and honest manner and business is conducted ethically.

The phrase “corporate governance” describes “the framework of rules, relationships, systems and processes within and by which authority is exercised and controlled within corporations. It encompasses the mechanisms by which companies, and those in control, are held to account.”

Corporate governance is the broad term used to describe the processes, customs, policies, laws and institutions that direct the organizations and corporations in the way they act or administer and control their operations. It works to achieve the goal of the organization and manages the relationship with the stakeholders including the board of directors and the shareholders.

Corporate governance means to steer an organization in the desired direction by determining ways to take effective strategic decisions. It also deals with the accountability of the individuals through a mechanism which reduces the principal-agent problem in the organization.

Questions:

(5 marks each)

1. Explain the factors due to which corporate social responsibility (CSR) implementation & execution may be hindered in developing economies like India.
2. How does the High-Level Committee on CSR (2019) link Schedule VII activities of the Companies Act with the Sustainable Development Goals (SDGs)?

Case Study 2

Corporate Governance has a broad scope. It includes both social and institutional aspects. Corporate Governance encourages a trustworthy, moral, as well as ethical environment. In other words, the heart of corporate governance is transparency, disclosure, accountability and integrity. It is to be borne in mind that mere legislation does not ensure good governance.

Good governance flows from ethical business practices even when there is no legislation. Good corporate governance promotes investor confidence, which is crucial to the ability of entities listed on stock exchanges to compete for capital. Good corporate governance is essential to develop additional values to the stakeholders as it ensures transparency which ensures strong and balanced economic development.

Corporate Governance as a concept has CSR embedded in it, whereby companies not only consider their profitability and growth, but also the interests of society and the environment by taking responsibility for the impact of their activities on stake holders, environment, consumers, employees, communities, and all stake holders. Other members of the public sphere. The basic premise is that when the corporations get bigger in size, apart from the economic responsibility of earning profits, there are many other responsibilities attached to them which are more non-financial/social in nature.

Questions:**(3 marks each)**

1. It is need of the hour that the Companies need to broaden the horizon of their CSR policies and activities to align with global or national priorities and goals. Aligning CSR activities with global sustainability goals encapsulated within the 17 UN SDGs provide businesses the opportunity to achieve these social and business objectives. Explain the benefits for the mentioned above concept.

2. What are the Sustainable Development Goals (SDGs) and when were they adopted by the United Nations?

Q3. **(4 marks)**

EcoTech Industries Ltd., a mid-sized manufacturing company, has been operating successfully for over a decade. While its financial disclosures, including audited balance sheets and profit & loss statements, have consistently shown healthy growth, its stakeholders—especially investors and environmental groups—began raising concerns about the company's environmental practices. In response, the company initiated a detailed Corporate Social Responsibility (CSR) and Sustainability Report. The report disclosed the adverse environmental impact of its production processes, including carbon emissions and water usage, and highlighted the corrective steps being taken—like installation of renewable energy systems and community water conservation projects. How does CSR and Sustainability Reporting contribute to transparency and stakeholder trust?

BEST OF LUCK