

SUPPLEMENT PROFESSIONAL PROGRAMME (NEW SYLLABUS) for CSR & Social Governance (Group 1, Paper 4.1)

Lesson 1: Corporate Social Responsibility (CSR)

1. CSR in the Pre-Mandated Period (India):

- **Cultural Roots:** Deeply embedded in Indian traditions like *daana* (Hinduism), *zakat* (Islam), and *bhiksha* (Buddhism).
- **Historical Phases:**
 - **1st Phase (1850–1914):** Donations by industrialists, non-strategic. Societies Registration Act (1860) spurred non-profits.
 - **2nd Phase (1914–1960):** Support for nationalist causes, poverty alleviation inspired by Gandhi’s trusteeship model.
 - **3rd Phase (1960–1980):** Declined corporate role due to mistrust and government-led welfare post-independence.
 - **4th Phase (1980–present):** Strategic CSR post-1991 liberalization, rise of civil society, and global/domestic foundations.
- **Source:** NITI Aayog, *Social Impact Assessment of CSR in India* (FY14–20).

2. CSR in the European Union:

- Defined as voluntary integration of social/environmental concerns into business (EU Green Paper).
- No global CSR laws or performance standards; examples include France’s fossil fuel tax.
- Large/public interest companies report extra-financial environmental/social data.

3. CSR in the United States:

- Voluntary, no mandated practices; managed by the Bureau of Economic and Business Affairs.
- Largest philanthropic sector globally: \$450B donated in 2019 (~2% GDP), with 69% from high-net-worth individuals, 17% foundations, 5% corporates (\$21B).

4. CSR in South America:

- **Brazil:** Voluntary CSR disclosures, no mandatory format; some initiatives require announcements.
- **Peru:** Listed companies on Lima Stock Exchange must report sustainability practices under a “comply or explain” principle.

5. CSR in Asia:

- **India:** Mandatory 2% net profit spend for companies (net worth ≥₹500Cr, turnover ≥₹1000Cr, or profit ≥₹5Cr).
- **Nepal:** 1% profit spend for firms with revenue >\$1.3M, collected by the government.
- **China:** Vague “social responsibility” requirement; state-owned/export firms encouraged for “harmonious society”; 63% of social organizations have government contracts (Doing Good Index 2020).
- **Indonesia:** 2% profit for oil/gas/mining firms, but voluntary due to weak enforcement; 2018 procurement reforms for social organizations.
- **Japan:** Dormant Deposits Act (2018) allocated ~\$28M to social issues in 2019.
- **Korea:** 55% of social organizations receive corporate funding; legal framework for social enterprises since 2007, shifting focus to sustainable practices.

Lesson 2: CSR Policy

1. ICICI Bank CSR Policy (Amended Jun 29, 2024):

- **Objective:** Enhance socio-economic development without monetary gain, via ICICI Foundation (est. 2008).
- **Scope:** Aligns with Companies Act, 2013, Schedule VII, and CSR Rules (2021, 2022).
- **Governance:** CSR Committee (≥3 directors, ≥1 independent) recommends policy/plan to the Board.
- **Operating Framework:**
 - Focus areas: Education, healthcare, skill development, environment, rural development, employee engagement, capacity building, disaster relief.
 - Annual action plan includes budget, activities, execution mode, and impact assessment (for projects ≥₹10M, completed ≥1 year).
 - Execution via ICICI Foundation, direct contributions, or registered entities (≥3-year track record, CSR registration).
 - Unspent funds: Transferred to Unspent CSR Account (ongoing projects, 3-year spend) or Schedule VII fund (non-ongoing, within 6 months).
 - Capital assets held by Section 8 companies, trusts, or public authorities.
- **Monitoring:** CSR Committee reviews biannually; Board reviews every 6 months.
- **Disclosure:** Policy/projects on website; detailed in Annual Report.
- **Guiding Principles:**
 - Non-discriminatory, apolitical, no religious affiliations.
 - No employee-exclusive projects.
 - Enhanced due diligence for third-party engagement.
- **Source:** ICICI Bank CSR Policy (Jun 2024).

2. NTPC CSR Policy (Revised 2022):

- **Vision/Mission:** Be a leading power company, providing sustainable, efficient power.
- **Objectives:** Deliver business/environmental value, minimize waste, support society, lead in environmental protection.
- **Scope:** Focus on local areas (district + 10km radius, ~70% spend); 30% outside, flexible for GoI directives/national priorities.
- **Guiding Principles:**
 - Self-supported, sustainable projects.
 - Low-cost, high-impact solutions.
 - Long-term benefits, aligned with core business.
 - Outcome-centric with measurable impacts (aligned to SDGs).
- **Governance:** Board-level CSR Committee; three-tier structure (Corporate, Regional, Station) for planning/implementation.
- **Focus Areas:** Education, water, health, sanitation.
- **Selection Criteria:** Need assessments, stakeholder inputs, Schedule VII compliance.
- **Delivery:** Via NTPC Foundation, Section 8 companies, trusts, or government entities; employee volunteering (EVOICE).

- **Monitoring:**
 - Station/corporate reviews, baseline surveys, audits.
 - Impact assessment (projects ≥₹1Cr, completed ≥1 year, ≤2% or ₹50L of CSR budget).
 - Social Impact Evaluation by external agencies.
 - **Funding:**
 - Minimum 2% of average net profit (past 3 years).
 - ≤5% administrative overheads.
 - Excess spend set off for 3 years; unspent funds per Companies Act.
 - **Reporting:** Annual Report, BRR, media, internal channels.
 - **Review:** Every 3 years or as per Companies Act amendments (2021, 2022).
 - **Source:** NTPC CSR Policy (2022).
3. **Infosys CSR Policy (Amended Apr 18, 2024):**
- **Context:** Early CSR adopter, focused on sustainable development via Infosys Foundation or other eligible entities.
 - **Focus Areas:** Hunger/poverty/health, education, rural development, gender equality, environmental sustainability, heritage/culture, disaster management.
 - **Execution:** Direct, through Infosys Foundation, or collaborations, per Companies Act, 2013.
 - **Annual Action Plan:** CSR Committee recommends to Board; modifiable with justification.
 - **Impact Assessment:** Conducted as per law, reports to CSR Committee/Board, disclosed legally.
 - **Governance:** CSR Committee per Companies Act; policy/projects on website.
 - **Funding/Monitoring:**
 - Evaluates proposals based on focus areas/impact.
 - Infosys Foundation/other entities assist in execution/reporting.
 - Excess spend set off for 3 years.
 - **Review:** Periodic, aligns with Companies Act amendments.
 - **Source:** Infosys CSR Policy (Apr 2024).

1. Introduction / Philosophy

RIL:

- India's largest private sector enterprise; businesses in energy, materials, retail, telecom, media.
- CSR aimed at **lives, living & livelihood** for inclusive India.
- Value creation: **Business, By Business, Beyond Business**.
- CSR largely through **Reliance Foundation (2010, Nita Ambani)**.
- Core commitments: **SIS – Scale, Impact, Sustainability**.

HUL:

- CSR integral to business; guided by **Unilever Compass strategy**.
- Objective: **sustainable living, stakeholder value, inclusive growth**.
- Multi-stakeholder approach embedded in business operations.

2. Scope / Focus Areas

RIL: 6 focus areas

1. Rural transformation – livelihoods, poverty, malnutrition, community infrastructure.
2. Healthcare – primary to tertiary care, maternal/child health, disease prevention.
3. Education – primary/secondary, scholarships, vocational training, sports.
4. Environment – sustainability, biodiversity, renewable energy.
5. Arts, heritage & culture – preservation, promotion, artisan livelihood.
6. Disaster response – preparedness, relief, rehabilitation.

HUL: 4 focus areas + Schedule VII activities

1. Health, hygiene & nutrition – sanitation, telemedicine, mobile health units.
 2. Environmental sustainability & water – eco-model villages, climate change, soil/air/water quality.
 3. Rural dev., skill & education – livelihoods, women empowerment, skill development, school infra.
 4. Disaster response – relief, rehabilitation, reconstruction.
- Also aligns with **Schedule VII**: hunger, poverty, education, gender equality, environment, heritage, armed forces welfare, sports, R&D, rural & slum development.

3. Implementation Strategy

RIL:

- **Direct engagement + partnerships** with experienced NGOs/organizations.
- Engagement principles: local needs, community ownership, impact-oriented, tech-enabled, replicable models.
- Partners' due diligence: legal status, finances, IT exemptions, FCRA (if foreign).
- CSR can be executed via **Reliance Foundation, RIL trusts, section 8 companies**.

HUL:

- CSR via company or **implementing agencies (PIAs)** after due diligence: credibility, experience, statutory registrations, governance, conflicts of interest.
- Implementation: **MOUs**, monitoring via reports, site visits, pictures/videos, third-party audits.
- Annual Action Plan: **simple, measurable, time-bound, relevant**.

4. Monitoring & Reporting

RIL:

- **M&E framework** for outcome & impact measurement.

- Uses impact studies, routine monitoring, beneficiary feedback, tech-enabled info systems.
- CSR reports reviewed by **CSR & Governance Committee** and **Board of Directors**.

HUL:

- **3-tier governance:**
 1. Board – review, guidance, compliance, approve Annual Action Plan.
 2. CSR Committee – oversight, guidance, policy alignment.
 3. Leadership Team – periodic progress review.
- Monitoring: reports, on-site visits, independent evaluation, impact assessment.

5. Budget / Financials

RIL:

- Minimum **2% of average net profit (last 3 years)** on CSR.
- Surplus from CSR **not added to business profits**.
- Board ensures documentation & compliance.

HUL:

- **2% of average net profit (last 3 years)**.
- Unspent funds: reclassified as ongoing projects.
- Surplus handled per Act provisions.

6. Governance

RIL:

- **CSR & Governance Committee** at Board level – meets **≥2 times/year**.
- CSR team manages day-to-day implementation.

HUL:

- **Board** – overall oversight, compliance.
- **CSR Committee** – policy, monitoring, recommendations.
- **Leadership Team** – periodic implementation review.

Key Differences

Feature	RIL	HUL
CSR umbrella	Reliance Foundation (primary)	Company + Implementing Agencies (direct/partners)
Focus approach	6 core areas (lives, living, livelihood)	4 core + Schedule VII + inclusive SDG-linked projects
Implementation	Direct + partnerships	Direct + PIAs, MOUs, due

Feature	RIL	HUL
Governance	CSR & Governance Committee + Board	diligence 3-tier (Board, CSR Committee, Leadership Team)
Philosophy	SIS (Scale, Impact, Sustainability)	Compass strategy – sustainable living & inclusive growth
Monitoring	Tech-enabled, M&E framework, impact studies	Reports, site visits, independent audits, impact assessment
Surplus use	Not added to profits	Compliant with Act
Budget	≥2% of avg net profit	≥2% of avg net profit

Lesson 5: Guidelines on CSR

1. Key CSR Contributing Firms in India:

- **ICICI Bank (FY24):**
 - Spent ₹519Cr on healthcare (cancer/cardiac/eye/trauma care), environment (watershed/rainwater harvesting), livelihoods, and social projects.
 - Renewable energy share rose to 35% (from 9%); Scope 1 & 2 emissions down 15.7%.
 - Enhanced Scope 3 tracking (capital goods, commuting).
 - ESG risk assessment expanded; Net Zero Waste rating for BKC office.
 - ICICI Foundation supported ~80,000 farmers with agriculture/livestock/skill programs.
 - **Source:** ICICI Bank ESG Report (FY24).
- **NTPC Limited (FY24):**
 - Spent ₹425.76Cr on health, sanitation, water, education, women empowerment, skill development, environment, and rural development.
 - Benefited 581 villages, 558 schools, ~16L people.
 - NTPC Foundation focuses on differently abled/economically weaker sections via GEM, Utkarsh Scholarships, and DRCs.
 - **Source:** NTPC Annual Report (FY24).
- **Reliance Foundation (FY20–23):**
 - Spent ₹1,271Cr, impacted 36M people across 37,000+ villages.
 - Focus: Rural development, healthcare, education, sports, disaster response, urban development, arts/heritage.
 - Emphasizes scale, impact, sustainability via technology/innovation.
 - **Source:** Reliance Industries CSR Report (FY22–23).
- **ONGC (FY22–23):**

- Spent ₹4,748.92Cr on healthcare, education, skill development, arts/culture, environment.
- 33% allocated to Swachh Bharat projects.
- Aligned with UN SDGs and Human Development Indices.
- **Source:** ONGC CSR Report (FY22–23).
- **Hindustan Unilever Foundation (FY22–23):**
 - Spent ₹201.32Cr, with ₹7Cr in Unspent CSR Account.
 - Focus: Water conservation (“Water for Good” program), health, livelihoods per Unilever Sustainable Living Plan.
 - **Source:** HUL CSR Report (FY22–23).
- **Mahindra & Mahindra (FY19–23):**
 - Spent ₹582.2Cr, unified under “Rise for Good” for education, livelihoods, skill development.
 - CSR council (est. 2004) allocates 2% profit before tax (1% council, 1% group companies).
 - **Source:** Mahindra CSR Report.
- **Tata Motors (FY20–23):**
 - Spent ₹20.81Cr on health (Aarogya), education (Vidyadhanam), employability (Kaushalya), environment (Vasudhara).
 - Adopted a 4-pillar approach (2014), harmonized programs, and integrated digital technologies (2017–19).
 - Focus on multi-stakeholder partnerships and SDGs via a Human Life Cycle Approach.
 - **Source:** Tata Motors CSR Report (FY22–23).

Notes for Students

- **Stay Updated:** Cross-check with original sources (Companies Act, 2013, CSR Rules 2021/2022, MCA FAQs, company reports).
- **Focus Areas:** Understand Schedule VII activities, governance structures, and compliance requirements.
- **Exam Relevance:** Memorize key figures (spends, impacted populations), focus areas, and policy frameworks for major firms.
- **Regulatory Alignment:** Note mandatory spending (2% net profit), unspent fund rules, and impact assessment thresholds.

This summary condenses the content for clarity and exam preparation.

Let me know if you need further details or specific clarifications!

For main notes –

<https://drive.google.com/drive/folders/10vIMvSQBN7u1EwyXfuCnvf-OSYrT6RnY?usp=sharing>