

INDIA RESPONSIBLE BUSINESS FORUM

OCTOBER 27, 2015

Introduction

The India Responsible Business Forum was launched on October 27th, 2015 by Oxfam India, Corporate Responsibility Watch, Praxis and Partners in Change. An index analysing policies of the top 100 listed companies in India from the lens of inclusion was launched at IRBF. The Index is an outcome of a collaborative partnership between Corporate Responsibility Watch, Oxfam India, Change Alliance, Praxis Institute for Participatory Practices and Partners In Change. The inaugural conference of the IRBF was attended by as many as 80 representatives from the private sector, civil society and the government of India.



The keynote speaker was Mr. Pooran Chandra Pandey, Executive Director, United Nations Global Compact Network, India. Mr. Kiran Karnik, Chairperson, Oxfam India Board and former President of the National Association of Software and Services Companies (NASSCOM) delivered a special address at the event.



IRBF is a platform to promote adoption of inclusive and responsible business practices by Indian companies. IRBF aims to engage private sector in a dialogue about developing business models and practices that go beyond minimum corporate social responsibility compliance, to help support a balanced and sustainable economy. The India Responsible Business index (IRBI) is a ground-breaking initiative to analyse publicly stated commitment to the NVG framework as well the annual business responsibility reports published by the top 100 companies listed on the Bombay Stock Exchange, as mandated by the Securities and Exchange Board of India.

The Ministry of Corporate Affairs, Government of India has sharpened its focus on encouraging businesses to play a proactive role in ensuring sustainable and inclusive growth. Taking cognizance of the fact that a purely philanthropic approach to business responsibility will be no more than a partial solution, the National Voluntary Guidelines for Social, Environmental and Economic Responsibilities of Business (NVGs) were launched in August 2011. They are designed to assist the corporate sector in efforts towards inclusive development and help it evolve into a global leader in truly responsible business.

In August 2012 the Securities and Exchange Bureau of India (SEBI) made disclosure on the nine principles compulsory for the top-100 companies listed on the stock exchange at the end of the previous financial year. To facilitate reporting, SEBI provided a NVGs-based framework called the Business Responsibility Report for integration into existing annual and other reporting practices. They recognised that “at a time and age when enterprises are increasingly seen as critical components of the social system, they are accountable not merely to their shareholders from a revenue and profitability perspective but also to the larger society which is also its stakeholder.”

Building on these developments, CRW as per its mandate carried out a disclosure analysis of Business Responsibility Reports for the year 2012-13 and subsequently extended it to Principle 3 and 4 for the year 2013-14. Additionally policies related to employees 'well-being and stakeholder engagement were analysed for top 10 listed companies. Set against this backdrop, in the absence of a formal monitoring system that assessed companies' compliance with the NVG framework, the India Responsible Business index (IRBI) was developed in order to effectively measure and monitor compliance and to look deeper into specific areas of interest. The main objective of this initiative is to facilitate the transparency of economic activities and accountability of corporates not only to their shareholders but also to wider society. It also aims to create a dialogue between the government, the private sector and civil society on every aspect of business responsibility and the role of the private sector in development.

"Great focus on good business practices. Task will be to see who signs on, who adheres, who monitors @nishaagrawal007" - @DasMaitreyi, October 27

Sustainable Development Goals and the Role of the Private Sector – All In This Together

Nisha Agarwal, Chief Executive Officer, Oxfam India laid the foundation of the day's discussions by talking about the prevailing global environment of dialogue about sustainability and the role of the private sector in development. A former research economist at the Impact Research Centre, University of Melbourne, Australia, Nisha worked with the World Bank on development issues for 18 years before assuming her role at Oxfam India.

Highlights:

- In September, 193 countries agreed to work towards the Sustainable Development Goals, which form a roadmap for development for the next 15 years. Among other things, the SDGs intend to end extreme poverty and eliminate hunger. This is indicative of an agenda of inclusion and sustainability, which is extremely important to Oxfam. However, the biggest challenges to this agenda and the SDGs are the rise in extreme inequality, and climate change caused by global warming.
- The SDGs are unique by virtue of being universal. They address every person, country and organization on the planet, whether rich or poor and emphasize that we are all in this together.
- The role of the private sector as a very important partner in development is now recognized very explicitly. Setting of the development agenda is no longer restricted to discussions within governments or at the United Nations, and Davos has become an important site for planning development and policy.
- In the last 20 years, India has achieved double-digit growth, since the reforms in 1991 enhanced the position of the private sector. The top 100 richest people in India are now billionaires. However, while India is creating wealth at an unprecedented rate, the pace of human and social development has been slow. As the third-largest economy in the world, India is 135th of 187 countries on the Human Development Index, and a quarter of its population lives in extreme poverty. India is also in the bottom 15% of 152 countries on the Gender Development Index.
- India began to recognize the private sector's positive role in development as early as 2009, when preliminary discussions about setting voluntary guidelines about corporate involvement in development began. This led to the creation of the National Voluntary Guidelines in 2011, and was followed by SEBI's mandate for companies to furnish the BRRs.
- Of the nine principles that the NVGs are based on, the IRBF Index's inaugural edition examines companies on the basis of the Principle 8, which speaks about the need to support inclusive growth and equitable development. Oxfam, with its long history of private sector engagement on subjects including climate change, labour concerns and women's issues, looks forward to partnering with the private sector to address this agenda and looks forward to an ambitious goal of eradicating extreme inequality in the next 15 years.



"Oxfam India launches private sector index! 'We dont want to leave anyone behind'- says CEO, Nisha Agrawal #irbfindex" - @OxfamIndia, October 27

"Equitable growth & sustainability mandated as per India policy for corporate/8th principle. @bizresponsible @IRBF" - @lokesh_mehra, October 27

Encouraging Synergy Between Governments, Businesses and Civil Society

The keynote address was delivered by Mr. Pooran Chandra Pandey, Executive Director, United Nations Global Compact Network. The Global Compact is UN's interface with businesses, and it is the world's largest sustainability initiative. Mr. Pandey discussed the role of the private sector in shaping a sustainable business.

Highlights:

- With the introduction of the Sustainable Development goals, there are 17 common goals that many countries have ratified and agreed to follow through and report upon. These goals are universal, yet they find resonance with local concerns and are in line with national development priorities too. It is important to talk not only about the promises being made by countries, but also to discuss how they will fulfil their commitments to these goals.
- There is a paradigm shift within governments, and also in civil society and businesses. According to the findings of a survey conducted by the UN Global Compact and Accenture two years ago, governments should no longer be expected to undertake all development activities and be held solely accountable.
- In this context the role of the private sector is very important, as is the question of what sort of a corresponding role civil society will play. The CSR law clearly demonstrates this.
- In a democratic setup like India, the government is extremely important in enabling development. Businesses' role in creating jobs and deploying private capital is equally important, and civil society's responsibility is holding these two bodies accountable. This makes them the pillars on which the development agenda rests. It is imperative for these three bodies to come together to discuss this common agenda and mould a pathway towards its fulfilment.



“Dr.Pandey UN Global Impact-States withdrawing 4m welfare activities gradually - civil society & biz needs 2 bridge this gap @BizResponsible” - @lokesh_mehra, October 27

“Businesses will be challenged & it's in their own interest to engage in #CSR'-says Ex Dir.UN Global Compact Network” - @BizResponsible, October 27

Business Responsibility from the perspective of Corporate Responsibility Watch

Corporate Responsibility Watch, a thought leadership space and think tank on corporate responsibility and responsible business practices in India, is the key knowledge source and partner for the IRBF. Mr. Tom Thomas, the Chief Executive Officer of Praxis and Convenor of Corporate Responsibility Watch, described the perspective of CRW on the subject of business responsibility and discussed the role of the IRBF Index as a watchdog and a tool of engagement with the private sector.

Highlights:

- In the context of bringing about change, ensuring equality and the development of people and leaving no one behind, India has a long way to go. Businesses have a huge responsibility in bringing this change. For businesses to play a part in the development of the country, it is essential not only for them to spend their profit responsibly, but also to look at how those profits are made. It is more important to establish responsible business practices that can contribute to the betterment of the people than to discuss spending 2% of profits on CSR.
- CRW began analysing the Business Responsibility Reports mandated by SEBI in 2012, and has analysed how much companies are disclosing about their processes. The IRBF is one step further, and goes into further details to analyse these reports and develop the index, which serves as a tool for the companies to look at how they fare, and also to help people understand how companies do business. The index plays the role of a watchdog, and also serves as an independent voice that helps companies identify areas that they can improve upon.
- The development of index had been possible with active voluntary support and guidance from Ms. Amita Joseph (Business and Community Foundation), Mr. Amitabh Behar (National Foundation for India), Ms. Annie Namala (Centre for Social Equity & Inclusion), Ms. Archana Shukla Mukherjee (Change Alliance), Mr. Ashok Bharti (National Confederation of dalit Organisations), Mr. John Suresh Kumar (Change Alliance), Mr. Paul Divakar (National Campaign for Dalit Human Rights), Mr. Sanjay Kumar (Centre for Responsible Business), Mr. Subhash Mittal, (Socio Research & Reform Foundation), Mr. Viraf Mehta (Convenor, Human Rights and Business Group; Member of NVG drafting Committee).



"#IRBIndex will help ppl understand #CSR activity thru data tht is publicly available'-Tom Thomas, CEO Praxis, #CRW" - @BizResponsible, October 27

Understanding the IRBF Index

After the role, the context and the need for the IRBF index were established, its genesis, the methodology used to develop it and its findings were explained by Mr. Namit Agarwal, Private Sector Advisor, Oxfam India and Mr. Dheeraj from Praxis, a member of the index's principal research team.

Highlights:

- Disclosure is essential for the successful realisation of the NVGs and aim to improve public understanding of corporate activities, policies and performance on development issues. Voluntary disclosure of information is an encouraging first step towards corporate responsibility. The Business Responsibility Reports required under SEBI's 2012 mandate are an important tool for this.
- The idea of developing the IRBF Index emerged from the absence of any benchmarking and ranking system for corporate's adherence to NVGs. The index aims to encourage companies to disclose more information and encourage companies to make policies on those issues that respect the intent of the NVGs.
- One of the important components in the first phase of its development was to analyse the companies' disclosure on its commitment to engage, sustain and strengthen its engagement with various stakeholders such as workforce and community. The BRR reporting format requires companies to report on aspects of policy commitment, mechanisms that are in place to address the issue of discrimination of marginalised and vulnerable groups at workplace, across the supply chain and includes mandated disclosure on how the companies are directly engaging with community in interventions that directly impact their lives.
- CRW analysed the policies which companies had put in the public domain in adherence to NVG principles, based on a key question on disclosure within the BRR format. It asks "whether the company discloses policies related to each principle of NVG on their website". Most companies have responded to this question in the affirmative. The Companies' responses, which convey their eagerness to be transparent about their policies led to developing this IRBF Index in order to effectively measure and monitor compliance.
- This edition of the index focuses on inclusion. This means that it looks at people as a bottom line, in recognition of their presence and interests in the multiple contexts in which companies operate: in the workspace, in the supply chain and in local communities. Thematic organisation of inclusion in the index is across five elements - respecting employee dignity, non-discrimination at the workplace, community development, inclusive supply chain and community as business stakeholder.
- Data from Business Responsibility Reports, Annual reports, Sustainability Reports and Corporate Social Responsibility Reports all available in the public domain were used for the purpose of the analysis. While media reports, Comptroller and Auditor General reports and court cases were referred to, they were not used for indexation.
- The index measures publicly stated policy commitment, and does not in itself measure practice or compliance with policies.
- The data across the five elements are analysed and within each element, companies given a score between 0 and 1. These have been presented as four bands of low (scores between

0.00 and 0.25), average (scores between 0.26 and 0.50), above average (scores between 0.51 and 0.75) and high (scores between 0.76 and 1.00).

- The findings show that the SEBI mandate and the BRR framework have encouraged corporates to be diligent about disclosure. All of the surveyed companies have at least some level of disclosure of inclusion-related policies on their websites.
- PSUs emerge as showing stronger policy alignment with NVGs than the private sector companies. Despite comprising less than one third (29) of the top 100 companies, PSUs make up for almost one half of the top 10 positions across the five elements, and are the top companies in 4 of the 5 elements including community as business stakeholder, non-discrimination, employee wellbeing and community development.
- However, some of the private companies are consistently on top for many of the elements.
- Companies seemed to be relatively highly invested in community development, and reasonably committed to employee dignity and certain forms of non-discrimination of the workplace. However, the understanding of the concept is found wanting and needs to be expanded to see communities more than mere beneficiaries.
- Companies appear to find it more of a challenge to ensure a responsible supply chain and create spaces for local community members to be stakeholders in business.
- Businesses are, on the whole, not yet ready to formulate or disclose policies that make them truly accountable to their local communities. There is a lack of transparency related in particular to the issue of free, prior and informed consent (FPIC), compensations, public hearings, communications of project impacts, displacement and rehabilitation.
- A sectoral analysis of scores across elements reveals that the finance sector scores low in elements of community as business stakeholders or inclusive supply chain.
- Policies that are legal prerequisites have, as expected, higher disclosure, with the only exception being the Anti-Sexual Harassment policies. The need for non-discrimination at recruitment is to a large extent commonly accepted, but with respect to mechanisms, it is found wanting. There is mention of gender, caste and disability, but sexual minorities and tribe are rarely stated.
- Companies need to have mechanisms to measure whether they are actually complying with non-discrimination or not; but they appear to have limited processes by which to gather and process such information.



“Elements of Social inclusion forms theme of Index covering principles 3-5, 8 of Ntnl Voluntary Guidelines. @bizresponsible #IRBFIndex” - @lokesh_mehra, October 27

“Equal opportunity in recruitment with a figure of 46 reveals a bigger challenge #IRBFIndex @BizResponsible” - @JulieThekkudan, October 27

Consumers', Investors' Awareness Essential to Encourage Responsible Business Action

Mr. Kiran Karnik, chairperson, Oxfam India board, delivered a special address on how the IRBF index can help the private sector identify opportunities to increase its social footprint. Mr. Karnik is the former President of the National Association of Software and Services Companies (NASSCOM), a member of the Scientific Advisory Council to the Prime Minister and Central Employment Guarantee Council, as well as the chairman of the International Steering Committee of the Commonwealth Connects Programme.

Highlights:

- In a comparison between India, Bangladesh, Nepal and Vietnam on social indicators, India was found to be far behind these countries. This is a cause for concern, considering that these are countries like India, where incomes are at a similar level. This gives rise to worries about inequalities, not only in income and distribution of wealth but also on social indicators such as gender equality, education and so on. India's poor performance on these indicators signals that the Indian model of development is highly flawed.
- There has been consciousness about the role of the business sector. Recent correctives have initiated by civil society and executed by the government. The law passed by the government, however well-intentioned, is only normative. Although the NVGs and the BRR system have been in place for a few years, even the top 100 companies, with their unlimited resources, have yet to comply with the tick in the box. This indicates that either compliance is not easy to do, or companies are wary of doing so.
- Some companies are indeed putting significant amounts of money into what they call CSR. However, there is a question about the impact of that expenditure.
- Companies need to understand that it's not about what they do with the 2% of the profit; it's about what they can do while they're making that profit. It is important to analyse CSR spends and ensure that they are well utilized, but more important to look at how business impacts not just their own employees and stakeholders, but broader issues of environment and development.
- By implementing the CSR law, the hope was not that companies would bring money into development, but that corporates with their resources and managerial skills would come up with new and innovative ways of engaging with local communities and encouraging development of the people directly affected by them.
- The CSR law should not become a way for the government to unburden itself from its own commitments. The government is supposed to provide basic needs and provide a social safety net. This responsibility remains even if the private sector takes steps of its own. The private sector's efforts ought to be additional, not a substitute to the government's actions.
- The ultimate step in the correctives should be finding a way to involve investors and consumers to act as pressure groups to get companies to take necessary and tangible steps towards becoming more responsible. The index is a powerful tool to show these groups what companies are doing, and create awareness about a company's policies and activities. Companies can use it as a way to show consumers and investors how they fare compared to their peers on a scale of ethical and responsible values, which would help if consumers and investors show a preference for companies who are seen to be ethical.



"Let's make things quicker, faster & efficient!"-says Kiran Karnik, Board Chair, .@OxfamIndia & we agree!" - @BizResponsible, October 27

Incorporating the Sustainable Development Goals with Indian Business Objectives

Mr. Nick Warelis, project manager, CSR Asia led the audience through a presentation on ways that Indian companies could integrate their processes and objectives with the Sustainable Development Goals. Mr. Warelis represented CSR Asia, a leading provider of consultancy and research services on sustainable business practices.

Highlights:

- With the emergence of the SDGs, there is a vast opportunity for inclusive business models to contribute within the SDGs spectrum. In order to begin implementing new strategies to achieve the SDGs, companies must first conduct proper research. Of the 17 goals, they need to identify two or three that they can achieve as a business, which should be logically related to what the business does, in order to use resources effectively and efficiently.
- Businesses must also engage with stakeholders and understand what matters internally and externally to those the companies interact with. It is also important to develop an inclusive business perspective, which can help companies form a plan to redefine products and services to meet social needs.
- Transparency and accountability are crucial for ascertaining what has been achieved and what future goals need to be set.
- In order for businesses to achieve the SDGs, they must identify new opportunities to do so. The bottom of pyramid is a way to address crucial social needs. Utilizing cross-sector and treaty-based partnerships, companies can reach communities more effectively and find ways of providing them with what they need and what they demand.
- It is also important to stimulate innovation and enable a creative and entrepreneurial culture. The bottom of the pyramid is an untapped market with lots of entrepreneurial potential. Companies must develop new ways to incorporate marginalised groups in the value chain and the supply chain, using technology and its resources to encourage these each these communities.
- Part of the opportunity that exists in creating sustainable livelihoods for marginalised groups is creating new jobs and encouraging full and equal participation of women and men. Women and people with disabilities are an untapped market of employees. Companies must invest in training and opportunities for these groups.
- Only about 50% of large companies in India have independent woman directors on their boards. Doing so would help the company not only have diversity at the board level, but has been known to show productivity changes at the board and grassroots levels.
- Transparency builds trust, accountability and credibility. The IRBF index is a good example of potential transparency to promote competitiveness with peers and beyond.



“Prioritise post consulting with s/holders, b realistic, partner, b accountable 2 achieve SDG Nick Warelis CSR Asia @BizResponsible #IRBFIndex” - @lokesh_mehra, October 27

Disclosure: The First Step Towards Responsible Business

The inaugural conference concluded with a panel discussion moderated by Ms. Seema Chowdhry, Editor for CSR and Philanthropy at Mint. The panelists were Mr. Ajay Kumar, Affirmative Action Adviser, Tata Sons, Ms. Aditi Haldar, Focal Point India, Global Reporting Initiative and Director, GRI South Asia, Mr. Narayanan Ramaswamy, Partner, KPMG India, and Ms. Yashmi Yadav, Manager, Sustainable Business & Corporate Communications, Hindustan Unilever.

Highlights:

- Social stability is essential for business, and it cannot be achieved unless businesses are inclusive. It is in companies' own interest to work towards ensuring equal opportunity for all sections of society, even to the extent of positive discrimination towards the most disadvantaged. In giving them opportunities, companies must also strive to give them a sustainable livelihood.
- Disclosure is the starting point for building responsible businesses. There is a difference between providing data and reports, and inculcating a culture of responsible reporting. For this, involving the stakeholders in a dialogue from the beginning helps set expectations of policies, commitments and results, making it easier for companies to decide which indicators are crucial for it to take up. Unless companies understand what matters to stakeholders, reporting is useless.
- By integrating the process of reporting with looking at relevant issues and their impact, companies can take empowered decisions that enable responsible processes.
- It is essential for companies to try and prove that doing good business is profitable and sustainable. Companies that have been around for centuries have been able to do so not only by doing good business, but by being relevant to society and building trust.
- Commitment to inclusiveness in the top management is crucial, but it is not sufficient. While formulating policies is relatively easy, embedding and implementing them at every level of business takes more work. It is important for top leadership to ensure that all kinds of resources, including people, money and technology are available to implement these policies within the organization and also to ensure that there is a review mechanism for them. Finally there is a need to communicate with the stakeholders on these measures.



“Responsibility cannot be forced, it must come from within: KPMG’s Ramaswamy. #IRBFIndex” - @BizResponsible, October 27

“91 guidelines 4 GRI reporting. Empowering decisions based on disclosures imperative, stakeholders involvement reqd - Aditi @BizResponsible” - @lokesh_mehra, October 27

The Way Forward

The organisations and people behind IRBF and the index are drawing up plans for the future and will share an update soon. Broadly the group stands committed to:

- Updating the index every year
- Expanding the index to cover all NVG principles
- Developing toolkits and guides for companies to self-assess and improve upon their policies and practices