

Corporate Social Responsibility
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Lecture – 50
Integration of Corporate Sustainability with CSR (Contd.)

Welcome back to the MOOC course on Corporate Social Responsibility. My name is Aradhna Malik and I am helping you with this course and in the previous lecture we had started the discussion on the summary of codes prescribed for corporate social responsibility we will wind up that discussion in this lecture.

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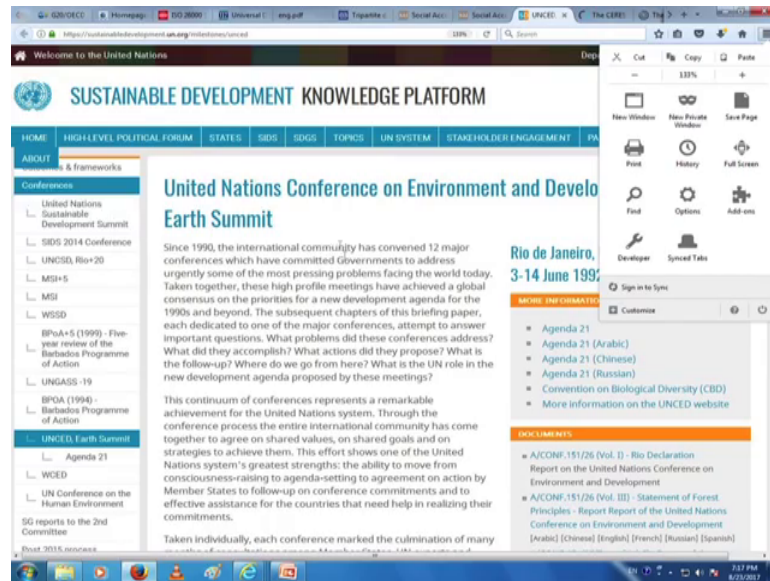


**Rio Declaration (Earth Summit) by the
UN Conference on Environment &
Development (UNCED) (1992)** (Dimmler, 2017)

- **Themes/ Applies to:** Addresses nations & states, but also addresses many of the issues outlined in the Global Compact; a weakness is that it does not address companies
- **Components included:** Historical point in time when UNCED & environmental issues entered the mainstream
- **Comments:** Precautionary Principle & Pollutes-Pay Principle were defined by Rio Declaration & are key elements of many environmental standards; these apply to companies
- **Notes:** Provides an important basis for environmental principles in international law, enshrining many key concepts & definitions; identifies the question: What is the role of states in promoting environment & development"

So, let us see what we have here for you. So, we discussed some codes the next code again I am sorry I forgot I should have this is what we need to do here this should also close all right. So, the next code that we will talk about is the RIO declaration the earth summit by the United Nations conference on environment and development UNCED that happened in 1992.

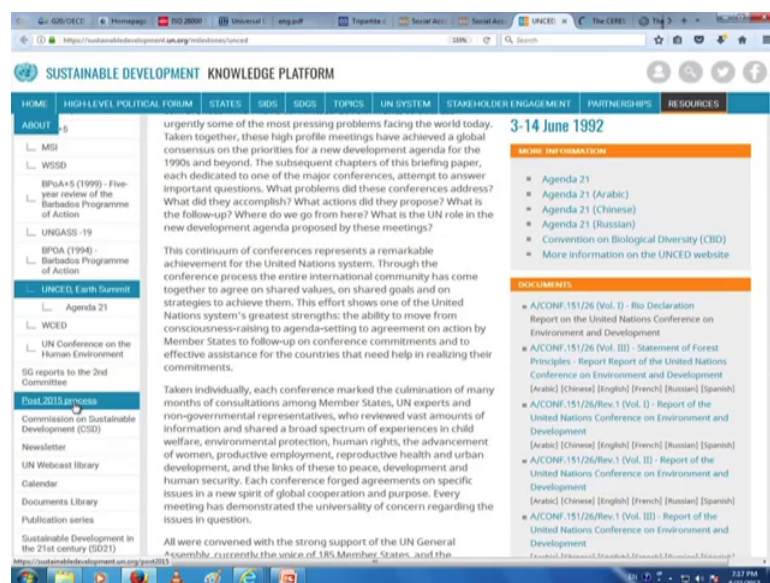
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Now, this is what we have here for you they setup a sustainable development knowledge platform and through this platform you can get a lot of resources a lot of information on how sustainable development can be taken care of by different organizations here.

So, you can navigate this here. So, they have conferences they have a whole bunch of tools here they talk about sustainable development goals. So, you know they have their resources, they talk about their partnerships etcetera.

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So, how you know this and then again they have post 2005 process they have a library of their publications and documents and you can go through what they talk about.

Now, according to the author this addresses nations and states, but also addresses many of the out issues outlined in the global compact. Weakness of this is that it does not address companies, the components that are included are the historical point in time when UNCED and environmental issues entered the mainstream. So, that historical point is very important, technology had just started taking over the world by a storm and environmental, attention to environmental concerns was picking up speed. The comments here are there is a precautionary principle and pollutes pay principle and these were defined by the RIO declaration and these are the key elements of many environmental standards these apply to companies.

Now, let me tell you what the precautionary principle is. Precautionary principle is that companies must take precautions in order to not pollute the environment that they are in. Pollutes pay principle here this pollutes pay principle is refers to the suggestion or guideline that anyone any organization that pollutes the environment should take responsibility for it and should pay for it in cash or kind.

So, that is these are the two principles, precautionary and pollutes way I have not given you the details. So, that you listen and you understand these. It is very simple if you think about it, it is extremely logical. You should not pollute the environment if you pollute the environment please pay for it pay for the damages, compensate for the damage you have caused to the environment something very simple then and that really applies to the companies. The nodes are that it provides an important basis for environmental principles in international law enshrining many key concepts and definitions it identifies the question what is the role of states in promoting environment and development. So, that is about this.

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CERES Principles (Coalition for Environmentally Responsible Economies) – Valdez Principles (Result of the Exxon-Valdez disaster); UN-based organization (Dimmler, 2017)

- Themes/ Applies to: Network of more than 80 environmental, investor, & advocacy groups promoting sustainability; 10 principles covering major environmental concerns facing companies; encourages ongoing dialogue with corporations; weakness is that they are aspirational in nature & do require a two-way dialogue – companies must meet standards for acceptance; investors can pressure corporations to comply; uses a trust approach to conflict resolution
- Components included: Helped launch the Global Reporting Initiative
- Comments: Question: What measures can companies take to

Now, next one here is the CERES principles, CERES refers to the coalition for environmentally responsible economies. These came out of the Valdez principles which were proposed in 1989 they were a result of the Exxon Valdez disaster in Alaska. This is a UN based organization and let me show you what this is all about.

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The CERES principles

The Coalition for Environmentally Responsible Economies (CERES) is a non-profit organization based in the US which comprises investors and environmental, religious and public interest groups. The coalition's purpose is to promote investment policies that are environmentally, socially and financially sound.

There are currently more than 70 members, including large financial organizations such as Harrington Investments and environmental groups such as the Sierra Club.

The ten so-called CERES principles offer guidance and standards against which companies can measure their performance on environmental and social issues. Currently around 600 companies have signed up to the principles.

The ten principles commit companies to protecting the earth, using energy and resources wisely and sustainably, minimizing waste, and selling safe products and services. The signatories back up their commitment by pledging to reduce risk, disclose hazards, and compensate for damages. They also agree to provide high-level management support for environmental activities, and to gather and disseminate information about their environmental performance, both internally and externally.

Although stringent, the principles have been adopted by companies in industries ranging from finance to footwear. In February 1993, the Philadelphia-based oil producer Sun Company became the first Fortune 500 company to sign up to the CERES principles. Other Fortune 500 companies have since signed on, including General Motors, Arizona Public Service, Polaroid, Body Shop International, and Bank of America. Many small firms have also agreed to observe the principles.

CERES' environmental members' include Green Seal, the Sierra Club, Valdez Society of Japan, Earth Island Institute, the International Alliance for Sustainable Agriculture and the Worldwide Fund for Nature. Social investment members' include the United States Trust Company of Boston, Harrington Investments, Farnsworth Fund, Social Responsibility Investment Group, Calvert Social Investment Fund and Foundation, and the Presbyterian Church.

At-large members' are organizations and individuals whose interests are not represented by the other members of the Coalition. They include the Industrial Union Department, the Jesse Smith Hayes Foundation, and the Washington Office on Environmental Justice.

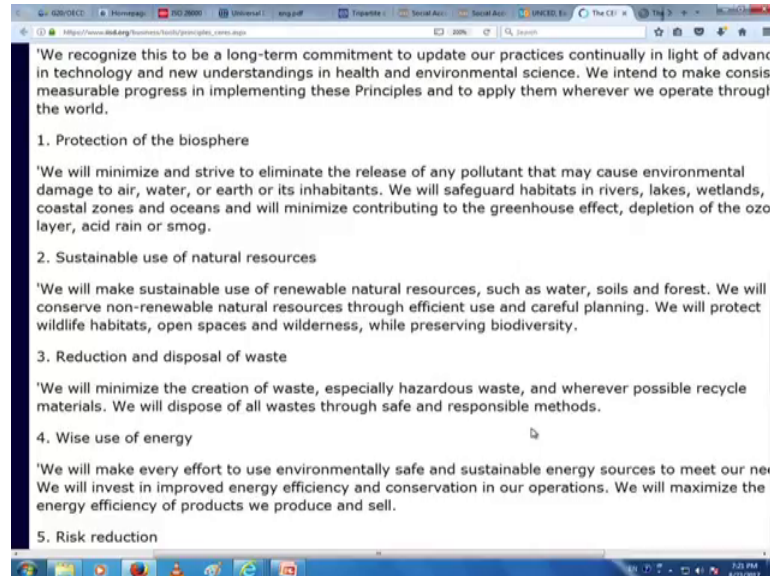
The CERES pledge

The pledge that CERES signatories make is as follows:

So, this is iisd business and sustainable from iisd is business and sustainable development of global guide iisd stands for international institute for sustainable

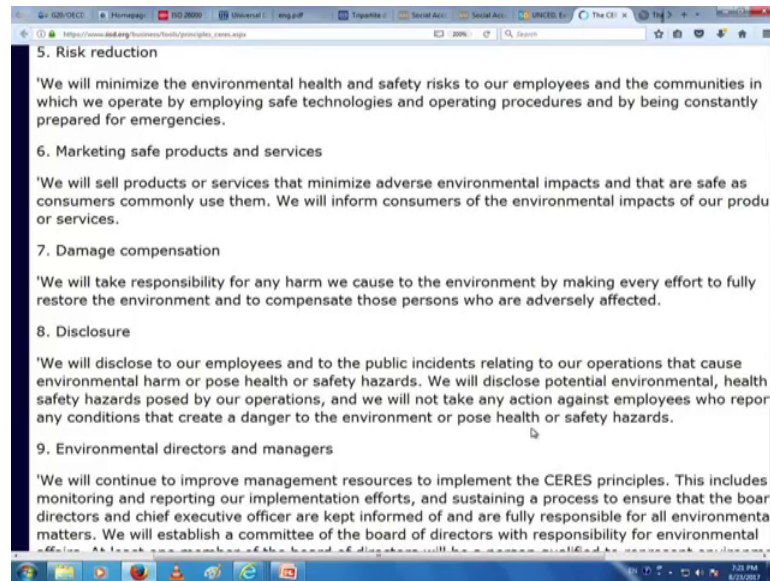
development they supported by the United Nations, coalition for environmentally responsible economies again the principles are given here.

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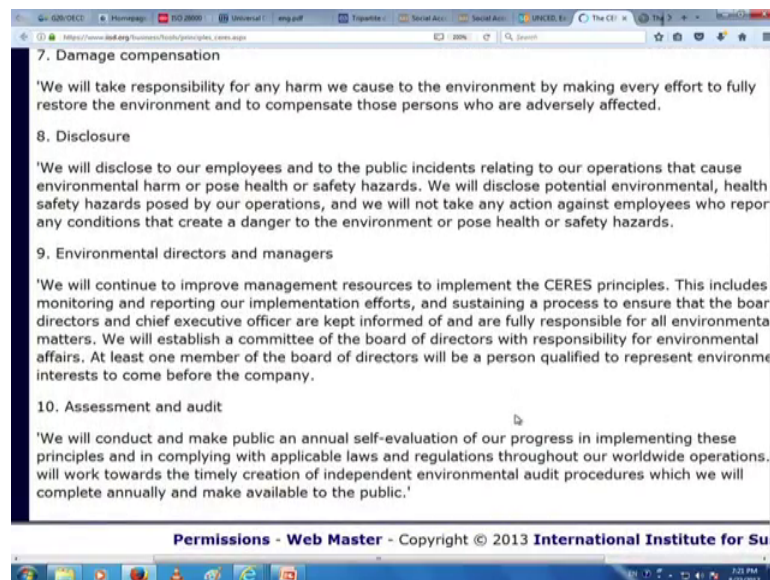
Now, the ten principles I will just read them out here let me increase the size of this page here. You can actually go to this website and read the detail yourself let me just give you a brief overview. The first principle is protection of the biosphere then sustainable use of natural resources reduction and disposal of waste, wise use of energy risk reduction, risk means environmental risk to the environment marketing safe products and services damage compensation again pay for pay for pollute principle.

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Disclosure, so you tell people what you are or the effects of your tell people about the the you know which of your operations can cause injury or can cause harm or pose health or safety hazards for the for people in the environment.

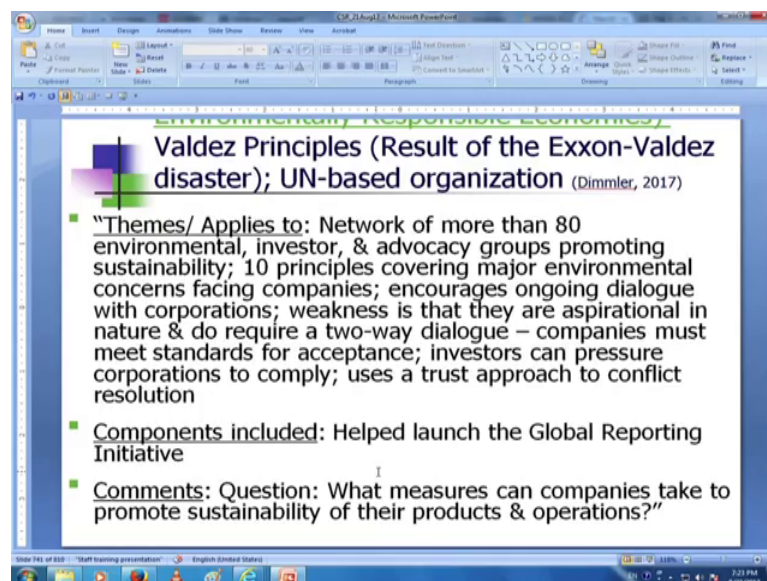
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Environmental directors and managers you need to have people looking after this exclusively and assessment and audit you open yourselves to some accountability standard, very very interesting here. So, maybe you can read the detail if you are really interested.

The themes are that it applies to a network of more than 80 environmental investor and advocacy groups promoting sustainability network there is a network of more than 80 environmental investor an advocacy groups promoting sustainability. The 10 principles covering major environmental concerns facing companies have already been read out to you. It encourages the ongoing dialogue with corporations the weakness is that they are aspirational in nature and do require two way dialogue if you see this there is a you know this requires a two way dialogue as to how you will protect the biosphere you cannot just say protect the biosphere some discussion has to take place between the experts and the organizations to see what they can do. And sustainable use of natural resources which natural resources, how would you what would you what would constitute as sustainable use, how are you going to reduce the waste and how are you going to dispose it off. So, it does not hurt the environment then wise use of energy risk reduction. So, all of this requires a dialogue with the stakeholders and with the regulatory agencies alright.

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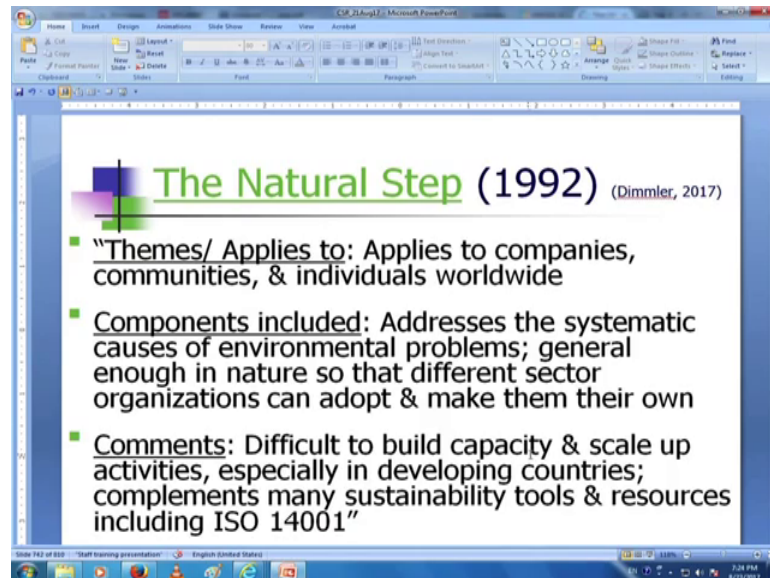


Then the components included it helped launch the global reporting initiative and tell you all about it amazing way to ensure accountability to help organizations who want to ensure accountability, but do not know how to. So, we will just see this in a little while. Comments are the question that the author poses here is what measures can companies take to promote sustainability of their products and operations, yes we are looking at the environment, but how do we ensure that our products and our operations are also you

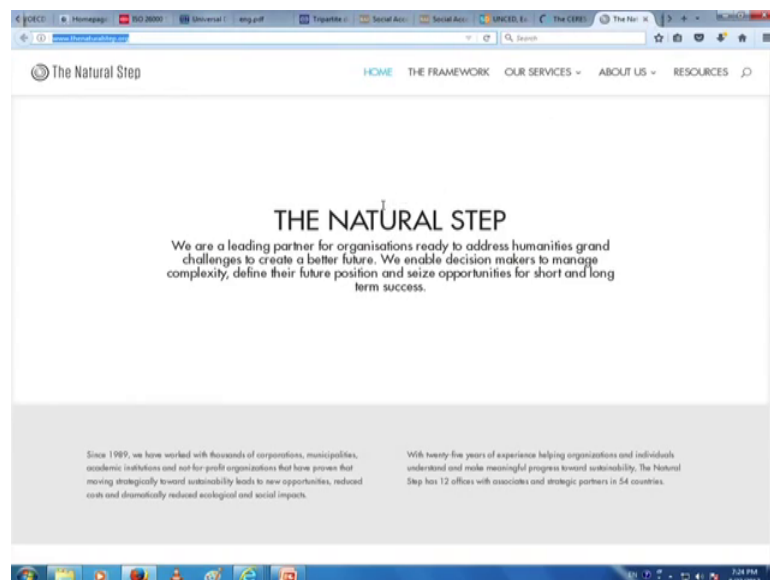
know, also contributes to sustain or are also sustainable the way we do things is also sustainable and is contributing to the sustainability of the environment.

The next one here is the natural step this was set up in 1992.

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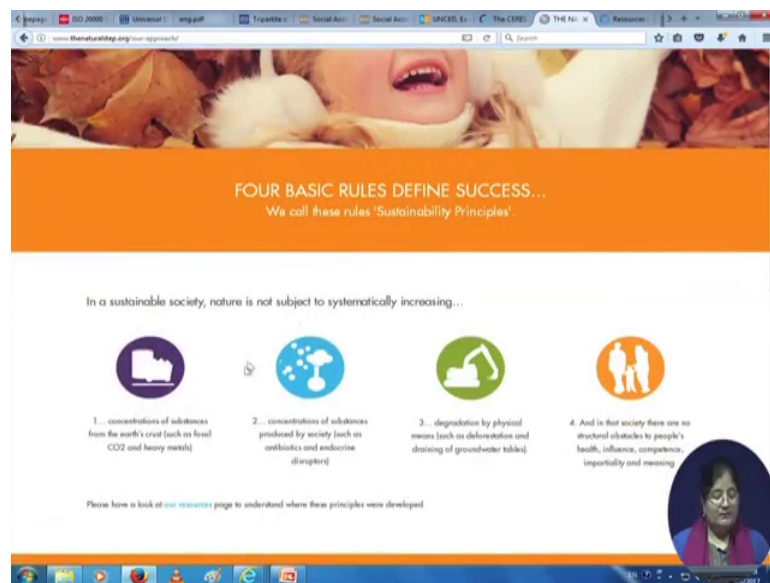
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Let us see what this is like natural step they say we are a leading partner for organizations ready to address humanities grand challenges to create a better future. We enable decision makers to manage complexity define their position and seize opportunities for short and long term success.

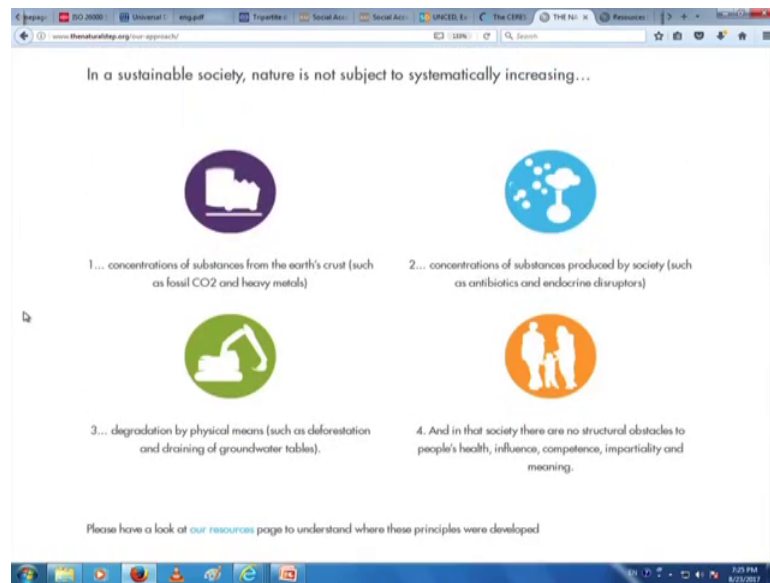
So, they are you know since 1989 we have worked with thousands of corporations municipalities academic institutions and not for profit organizations that have proven, that moving strategically towards sustainability leads to new opportunities reduced costs and dramatically reduced ecological and social impacts. You can go through the framework here that they have set up and they have a whole bunch of resources that you can look at.

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So, again a very very interesting initiative, so they have these four rules that that contribute that they think contribute to sustainability a success through sustainability and these four rules are here.

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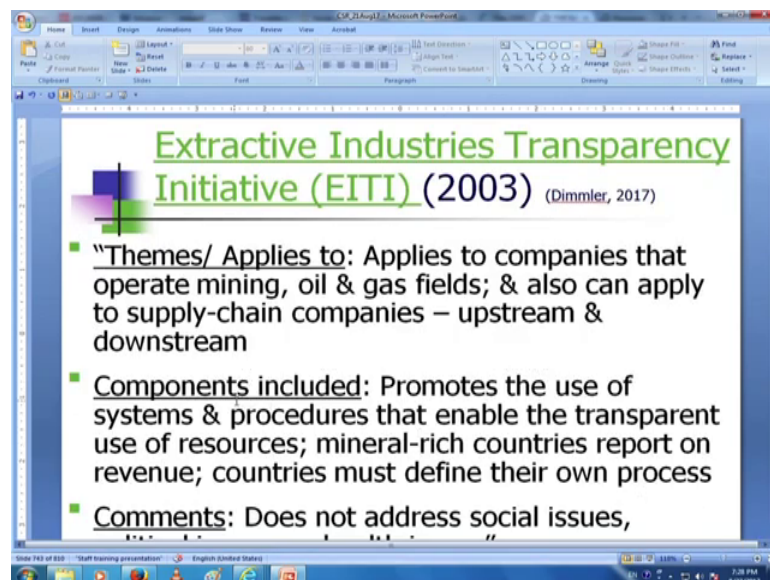
So, in a sustainable society nature is not subject to systematically increasing concentrations of substances from the earth's crust such as fossil, carbon dioxide and heavy metals concentrations of substances produced by society such as antibiotics or endocrine disruptors. Degradation by physical means such as deforestation and draining of ground water tables and in that society there are no structural obstacles to people's health, influence competence impartiality and meaning now. I would really like to give you an example of this particular part this is something we not really discussed you know. So, I just give you an example a very pertinent example that has been in the news for quite some time is the drastic drop in the populations of vultures which are natural scavengers as a result of them feeding on the carcasses of cattle that have consumed ibuprofen which is a component that or it is a medicine that is given to cattle, it is also consumed by humans, to take care of or to help with inflammation.

So, we all take it I am not going to go into the brand name, the generic name is ibuprofen now when cattle consume you know cattle are also given ibuprofen and when they die their carcasses are disposed off and vultures feed on them. Now vultures again you know in the ecological cycle vultures have a very important role to play. However, the populations of vultures are decreasing because they feed on cattle and that have consumed ibuprofen and that in turn damages their I believe it, it damages their kidneys

So, damages it will it ends up killing them. So, that is what is happening, you know it is a medicine, but harmful effect is that it is harming the environment also alright. So, this is that.

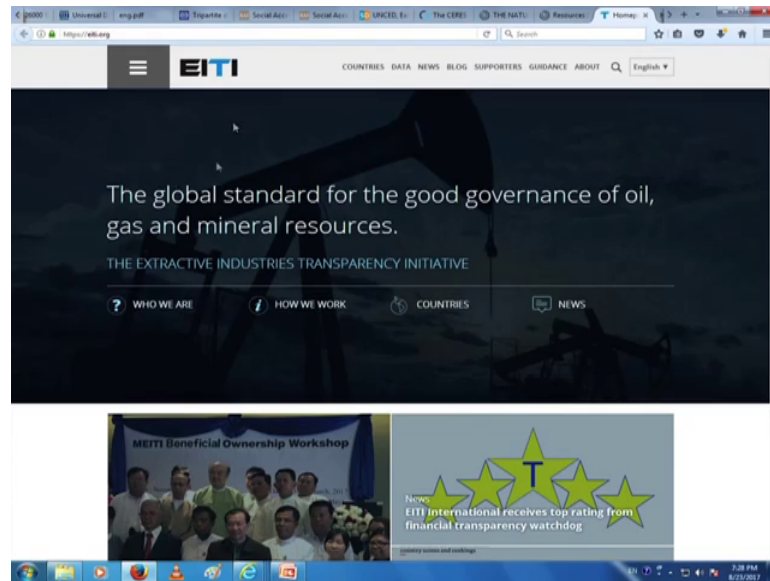
Then the author says that this applies to companies communities and individuals worldwide the components included are addresses the systemic causes of environmental problems, general enough in nature, so that different sector organizations can adopt and make them their own. The comments are that it is difficult to build capacity and scale up activities especially in developing countries it complements many sustainability tools and resources including ISO14001, alright.

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Extractive industries transparency initiative. So, this again let us see what this is.

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Extractive industries a transparency initiative it is the global standard for good governance of oil gas and mineral resources, resources that are obtained through extraction from the natural environment. So, oil, gas and minerals that are extracted from the environment, that are you know that are taken that are pulled out from the environment and then processed in and used by us.

So, here are the details for this. Now this applies to companies that operate mining oil and gas fields and also can apply to supply chain companies upstream and downstream the components that are included are promotes, they promote the use of systems and procedures that enable the transparent use of resources.

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Extractive Industries Transparency Initiative (EITI) (2003) (Dimmler, 2017)

- **Themes/ Applies to:** Applies to companies that operate mining, oil & gas fields; & also can apply to supply-chain companies – upstream & downstream
- **Components included:** Promotes the use of systems & procedures that enable the transparent use of resources; mineral-rich countries report on revenue; countries must define their own process
- **Comments:** Does not address social issues, political issues, or health issues”

Mineral rich countries report on revenue, the countries must define their own processes. Comments are that does not address social issues political issues or health issues it just talks about the environmental issues.

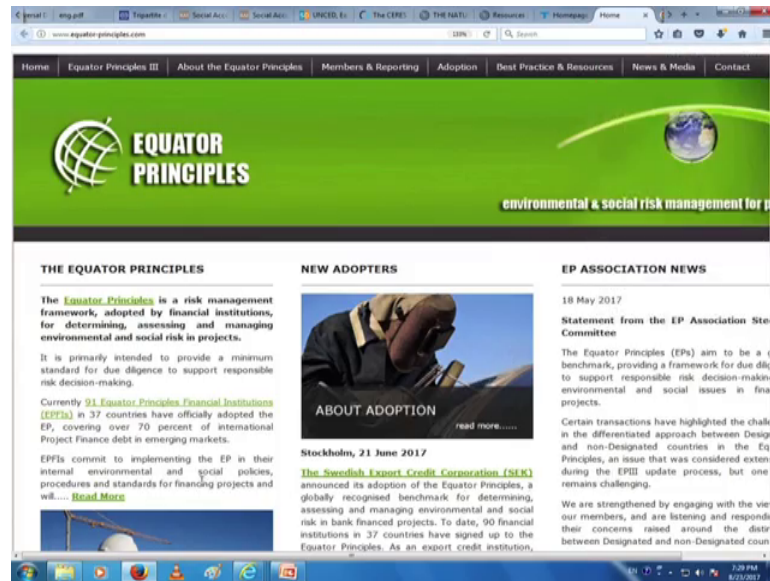
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Equator Principles Financial Institutions (EPFIs) (2003) (Dimmler, 2017)

- **Themes/ Applies to:** Guidelines for financial institutions to provide a benchmark on social & environmental issues for project financing; banks & insurance companies; export creditors & development agencies; NGO involvement & reputation at risk has created critical mass of participation; one of the few voluntary sector initiatives to be successful; the challenge is how to expand it into emerging markets (China, Russia, India)
- **Components included:** Address project financing with capital costs over \$10 million
- **Comments:** Achieved critical mass when 70 financial institutions in 16 countries signed the Principles; social & environmental assessment required of borrowers, & establishment of social & environmental management systems
- **Notes:** Some believe the EPFIs have financed projects which violate the Principles; a lack of transparency; PR only concern”

The next one is the equator principles financial institutions we have talked about this also in a previous lecture; let me show this to you again here.

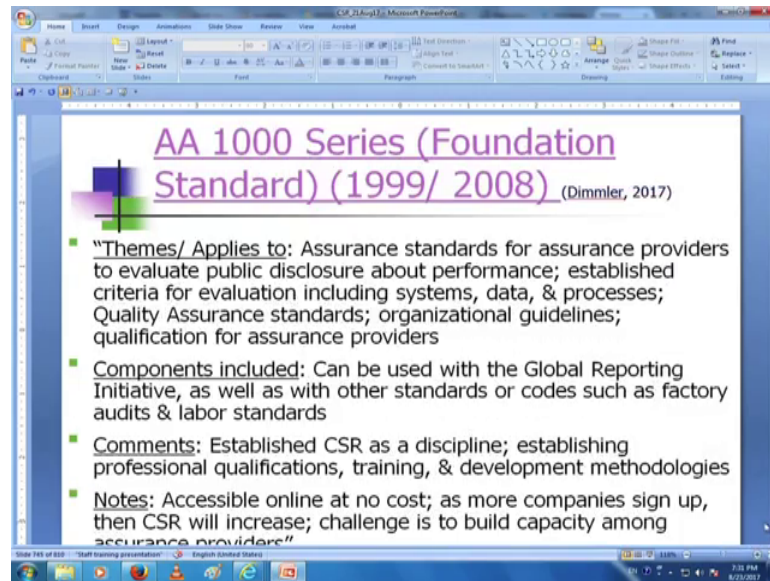
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The equator principles are there. So, alright currently ninety one equator principles financial institutions in 37 countries have officially adopted the EP - Covering 70 over 70 percent of international project finance debt in emerging markets. So, we have already talked about this so I am not going to go into very much detail regarding the website. This applies to the guidelines for financial institutions to provide a benchmark on social and environmental issues for project financing banks and insurance companies, export creditors and development agencies NGOs, NGO involvement and reputation at risk has created critical mass participation. One of the very few voluntary sector initiatives to be successful the challenge is how to expand it into emerging markets for example, China, Russia and India. The components included are this addresses project financing with capital costs over 10 million dollars.

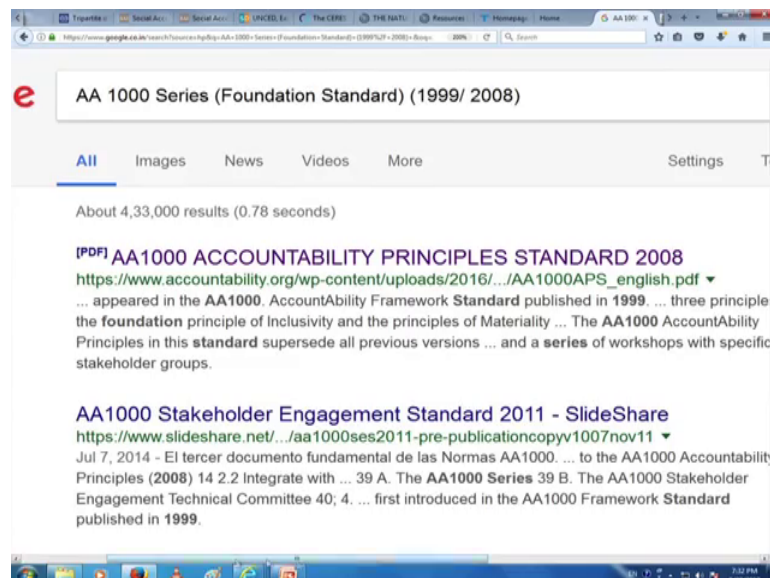
The comments here are that if it has achieved a critical mass it achieved the critical mass when 70 financial institutions in 16 countries signed the principles and now 17 I believe, it says 37 countries not, so not 16 anymore it is 37 countries. Social and environmental assessment required of borrowers and establishment of social and environmental management systems. The notes here that the author has put are what I have done one second sorry about this. The notes are that some believe that the EPFIs have financed projects which violate the principles a lack of transparency public relations is the only concern.

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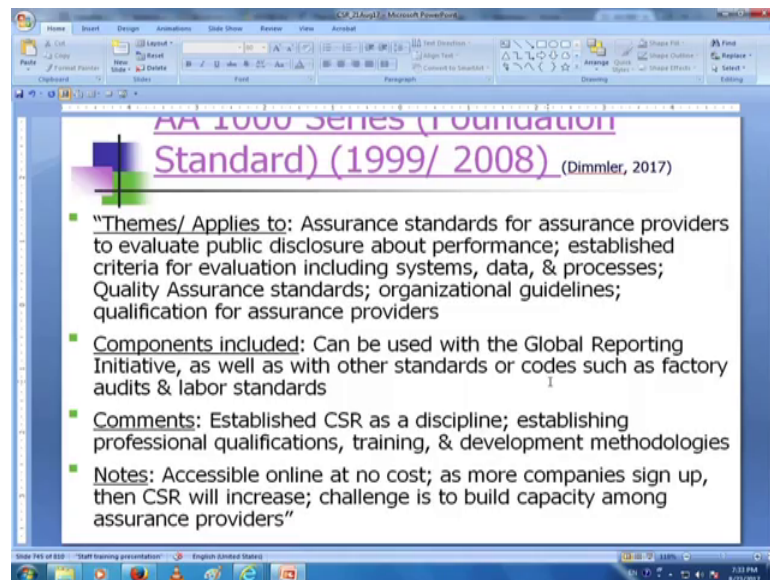
The next one here on our list is the AA 1000 series foundation standard. Now it was I have started downloading this, but I believe it is not really downloaded. Let me see, no it has not sorry about this. So, I mean it is not, these are not really available on a website; however, you can go to this particular website and here you can Google this and when you click on this the AA 1000 accountability principle standard 2008 you can actually see the document. There are some images here.

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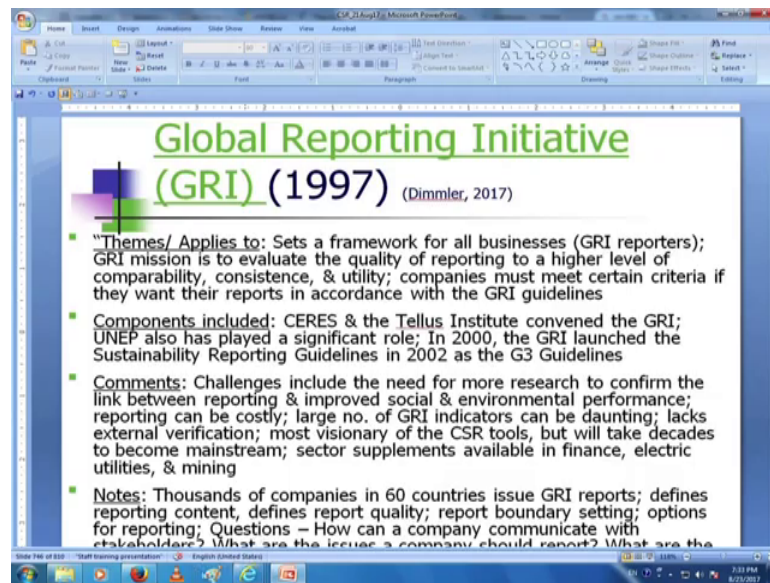
So, you can actually go online and download it before you can read it I m sorry I did not download it for you to see. So, you can see these standards alright. Now the theme these applied to assurance standards for assurance providers to evaluate public disclosure about performance established criteria for evaluation including systems data and processes quality assurance standards, organizational guidelines qualification for assurance providers. Components included art this can be used with the global reporting initiative as well as with other standards or codes such as factory audits and labor standards. The comments that the author has made are that it is an established; it has established CSR as a discipline establishing professional qualifications training and development methodologies again.

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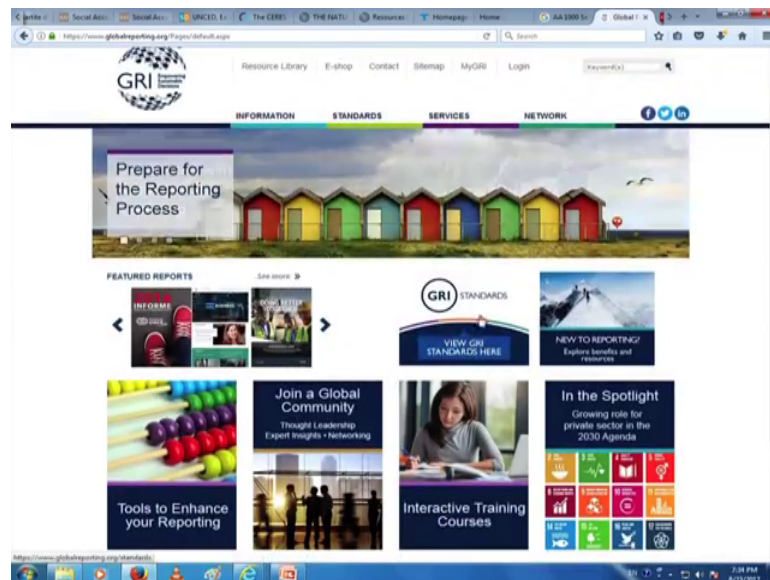
You know you should be able to go through these different codes on your own and pick the one that suits you best the author will you know different people will look at these things from different angles. Notes that the author has made here are the these are accessible online at no cost as more companies sign up then CSR will increase the challenge is to build capacity among assurance providers.

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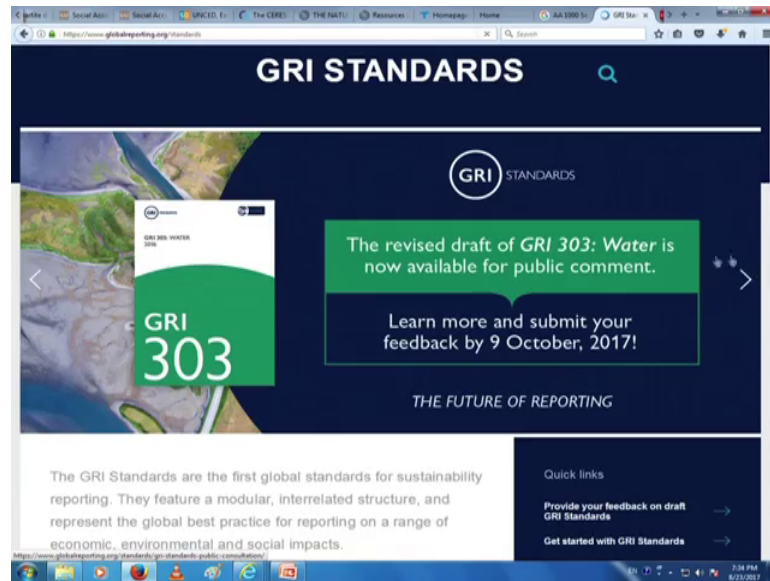
The next one is the global reporting initiative and this is very interesting because finally, there is a worldwide standard for how you can disclose or disclose your efforts.

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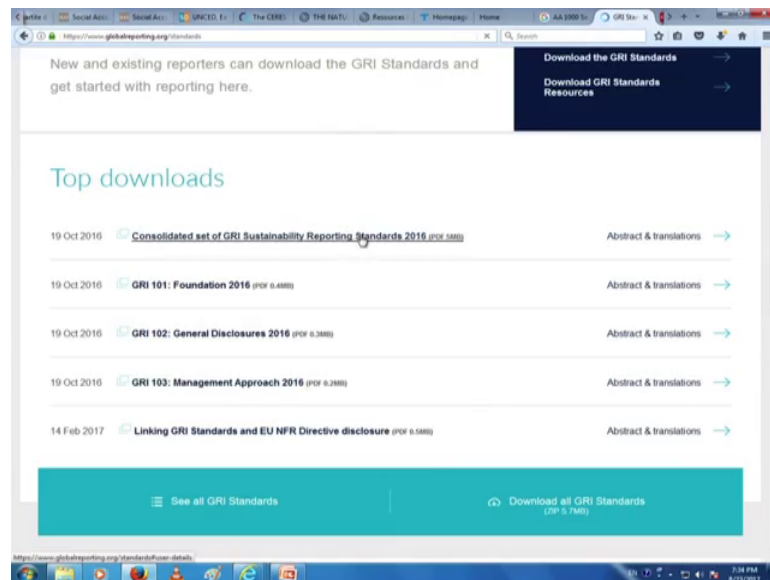
So, you know they are; they talk about how view the GRI standards here. So, let us see what this has. Tools to enhance your reporting, interactive training courses on how you can improve your global reporting.

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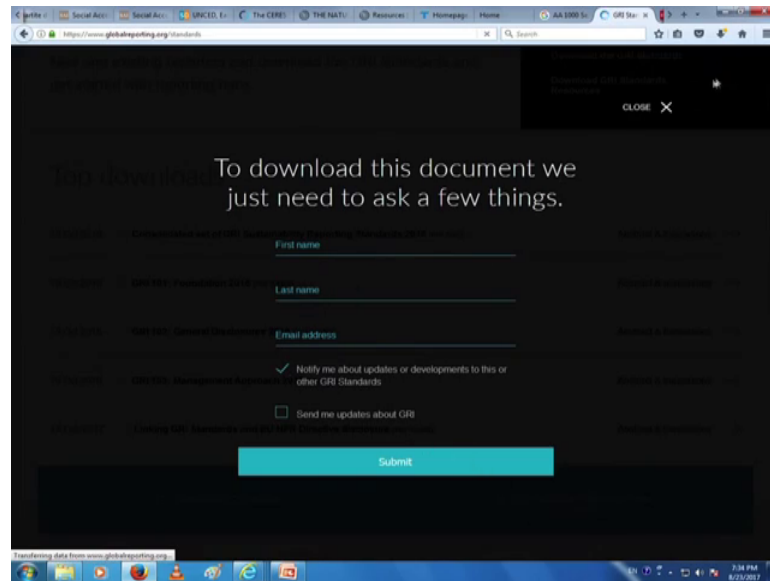


So, you can actually go through this sustainability reporting standards and then again it requires a lot of a signing in and all.

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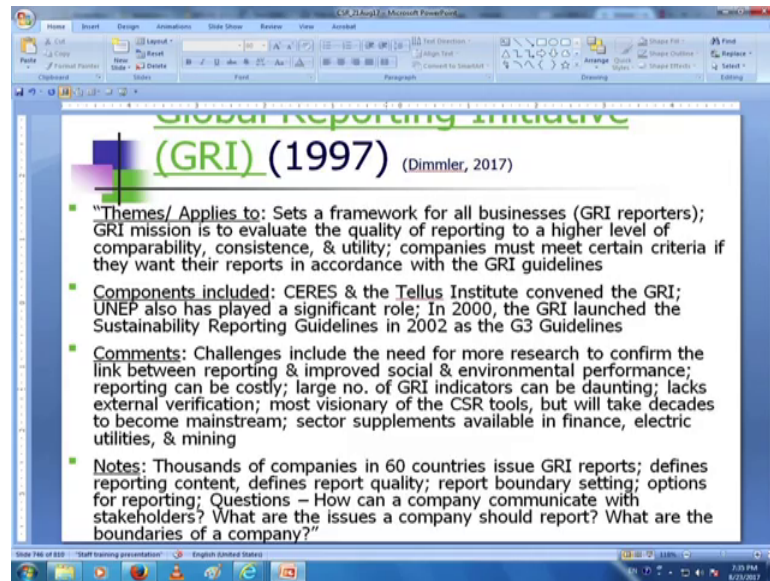
The screenshot shows a web browser window with the URL <https://www.globalreporting.org/standards>. The page has a dark background and contains the following text and form elements:

- Header: "Download GRI Standards" with a "CLOSE X" button.
- Main heading: "To download this document we just need to ask a few things."
- Form fields:
 - First name:
 - Last name:
 - Email address:
- Checkboxes:
 - Notify me about updates or developments to this or other GRI Standards.
 - Send me updates about GRI.
- Submit button: A teal button labeled "Submit".

However this is where you will find the details of these standards. Themes, it applies to it sets a framework for all businesses the GRI reporters, GRI mission is to evaluate the quality of reporting to a higher level of comparability, consistence and utility. Companies must meet certain criteria if they want their reports in accordance with the GRI guidelines. So, it is becoming a world standard people are more and more organizations, more and more countries are following this standard because it is again you know when we say it is a standard it is accepted as a benchmark in how reporting should be done.

Components included are Ceres and the Tellus institute can convened the GRI. UNEP has also played a significant role in the year 2000; the GRI launched the sustainability reporting initiative reporting guidelines in 2002 as the G 3 guidelines.

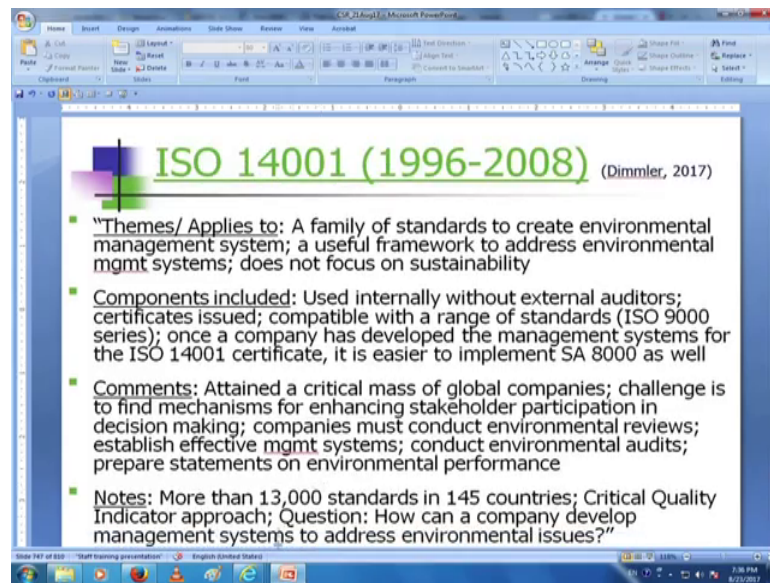
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The comments here are the challenges include need for more research to confirm the link between reporting and improved social and environmental performance reporting can be costly large number of GRI indicators can be daunting you can be confused with so many things to report on lacks external verification most visionary of the CSR tools, but will take decades to become mainstream and may get outdated by then you know that is one big concern people have sector supplements are available in finance electric utilities and mining in this tool.

The notes have thousands of companies in 60 countries issue GRI reports. It defines reporting content defines report quality, report boundary setting options for reporting the questions are how can a company communicate with stakeholders, what are the issues a company should report, what are the boundaries of a company these are some of the questions that the author of this paper has raised. So, maybe you can look at it and you can comment alright.

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The next one here is the ISO 14001 1996 to 2008, I think this is the last one on our list. I ISO 14001 this is the one that is currently being used let us see what this is all about here.

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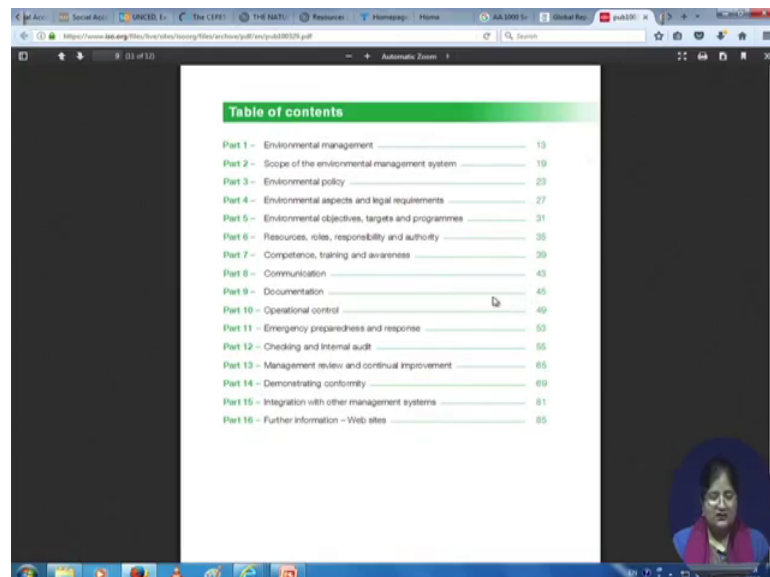
Environmental management systems and easy to use checklist for small businesses.

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So, the latest version came out in 2010 and this was proposed by the international organization for standardization and the international trade center in Geneva Switzerland. So, the principles are here. The checklist is also given here I can scroll down or you can see this on your own.

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So, various things are given anyway. So, maybe you can you know go through this and see what you know what the checklist aspects contains, the themes or what this applies to is a family it is a family of standards to create environmental management systems, a useful

framework to address environmental management systems it does not focus on sustainability. It focuses rather on the management of the environment through which sustainability can be achieved which makes it so important.

So, it does not focus on sustainability per say, but the idea here is that if you really adhere to it or if you follow the suggestions sustainability will be implicit if you manage the environment appropriately. The components are used internally without external auditors certificates have issued compatible with the range of standards, once a company has developed the management systems for the ISO 14001 certificate, it is easier to implement SA 8000 as well. So, that is what I told you, you know you do the man if you manage your environment sustainability will be implicit in that management.

Some comments here are attained a critical mass of global companies challenges to find mechanisms for enhancing stakeholder participation in decision making, companies must conduct environmental reviews, they must establish effective management systems, they must conduct environmental audits, they must prepare statements on environmental performance. Notes are more than 13000 standards exist in 145 countries. Now 13000 standards that is a lot that is really mind boggling.

It adopts a critical quality indicator approach the question here is how can a company develop management systems to address environmental issues. So, that is the main question that the author poses. So, this should have given you a very very comprehensive overview of the different suggestions that different organizations all over the world have come up with to help businesses, adopt sustainable practices and implement those sustainable practices preferably through their corporate and you know that is where the social responsibility and sustainability come together. So, by helping the environment becomes sustainable by contributing to sustainability the organizations are also expressing their commitment to socially responsible behavior and that is where these two converge.

So, I hope you have enjoyed this. I was mostly reading from this, but I wanted you to really see how the world is looking at different things and what all exists out there. This list is by no means comprehensive. So, if you can come up with more codes and standards that are that exist in the world and you know let us discuss them on the forum that would be very interesting.

So, I hope you enjoyed this. This is this lecture again you know this is pretty much you know we have we are in the process of tying up module or week 7. There is one more tiny thing that I want to share with you before we wind up week 7. So, I hope you have enjoyed it look forward to discussing more on CSR and sustainability with you in the next class.

Thank you very much for listening.