

Corporate Social Performance of Indian FMCG Companies

*Introduction of CSR, framework and Karmayog CSR Ratings
with three top Indian FMCG companies CSR initiatives*

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Contents

Abstract.....	3
Corporate Social Responsibility – an introduction.....	5
Implementing CSR: The Framework for Action.....	15
Corporate Social Performance of Indian FMCG.....	18
Appendices.....	27
References.....	48

Abstract

Effective Corporate Social Responsibilities (CSR) initiatives are those which are taken keeping all the stakeholder's issues in mind including the legal, ethical, commercial and other expectations society has for business. There are many definitions of CSRs available.

Many factors have led to companies paying attention to the CSR activities.

These include:

- Sustainable development
- Globalization
- Governance
- Corporate sector impact
- Communications
- Finance
- Ethics
- Consistency and Community
- Leadership
- Business Tool

Potential benefits of implementing a CSR approach by them are better anticipation and management, improved reputation management, enhanced ability to recruit, develop and retain staff, improved innovation, competitiveness and market positioning, enhanced operational efficiencies and cost savings, improved ability to attract and build effective and efficient supply chain relationships, enhanced ability to address change, more robust

“social licence” to operate in the community, access to capital, improved relations with regulators, a catalyst for responsible consumption.

The CSR Framework given by the World Economic Forum Global Corporate Citizenship points out below:

- 1. Provide leadership*
- 2. Define what it means for your company*
- 3. Make it happen*
- 4. Be transparent about it*

CSR initiatives in India are now taken by many companies. Especially for the FMCG companies, where the major challenge is reduction of packaging materials, these companies are doing work in the field of Environment, Health care, Education, Community welfare, Women's empowerment and Girl Child care. Companies like Hindustan Unilever started CO2 reduction also.

The websites of these companies are providing information about their CSR initiatives but are found not updated regularly. For checking their CSR performance, Karmayog Rating is taken. The rating gives good insight. The method of calculating the rating is also discussed.

In appendices, India's top three major FMCGs companies overall CSR initiatives are discussed.

Corporate Social Responsibility – An Introduction

What is CSR?

Corporate Social Responsibility (CSR) is viewed as a comprehensive set of policies, practices and programs that are integrated into business operations, supply chains, and decision-making processes throughout the organization – wherever the organization does business – and includes responsibility for current and past actions as well as future impacts. CSR involves addressing the legal, ethical, commercial and other expectations society has for business, and making decisions that fairly balance the claims of all key stakeholders. Effective CSR aims at “achieving commercial success in ways that honour ethical values and respect people, communities, and the natural environment.” Simply put, it means “what you do, how you do it, and when and what you say.” Several terms have been used interchangeably with CSR. They include – business ethics, corporate citizenship, corporate accountability, sustainability and corporate responsibility. The issues that represent an organization’s CSR focus vary by size (small, medium and large), sector (for example, financial institutions, infrastructure providers, textile manufacturers, agri-producers, supermarket retailers, etc.) and even by geographic region. In its broadest categories, CSR typically includes issues related to business ethics, community investment, environment, governance, human rights, the marketplace and the workplace. [1]

Defining the CSR

Corporate Social Responsibility is a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis. European Commission the commitment of business to contribute to sustainable economic development, working with employees, their families, the local community and society at large to improve their quality of life.' *World Business Council on Sustainable Development*. [2]

“Social responsibility (is the) responsibility of an organisation for the impacts of its decisions and activities on society and the environment through transparent and ethical behaviour that is consistent with sustainable development and the welfare of society; takes into account the expectations of stakeholders; is in compliance with applicable law and consistent with international norms of behavior; and is integrated throughout the organisation.” [3]

As CSR issues become increasingly integrated into modern business practices, there is a trend towards referring to it as “responsible competitiveness” or “corporate sustainability.” A key point to note is that CSR is an evolving concept that currently does not have a universally accepted definition. Generally, CSR is understood to be the way companies integrate social, environmental and economic concerns into their values, culture, decision making, strategy and operations in a transparent and accountable

manner and thereby establish better practices within the company, create wealth and improve society. As issues of sustainable development become more important, the question of how the business sector addresses them is also becoming an element of CSR.

Above all, CSR is about sensitivity to context—both societal and environmental—and related performance. It is about moving beyond declared intentions to effective and observable actions and measurable societal impacts. Performance reporting is all part of transparent, accountable—and, hence, credible—corporate behaviour. There is considerable potential for problems if stakeholders perceive that a company is engaging in a public relations exercise and cannot demonstrate concrete actions that lead to real social and environmental benefits.

CSR can involve a wide range of stakeholders

A corporation's stakeholders can include: shareholders, non-governmental organisations, business partners, lenders, insurers, communities, regulators, intergovernmental bodies, consumers, employees and investors.

Importance of CSR for the companies

Many factors and influences have led to increasing attention being devoted to the role of companies and CSR.

These include:

- Sustainable development
- Globalization
- Governance
- Corporate sector impact
- Communications
- Finance
- Ethics
- Consistency and Community
- Leadership
- Business Tool

A 2004 GlobeScan CSR survey of more than 23,000 individuals in 21 countries suggests that the public expects more from the corporate sector:

- In industrialized countries, trust in domestic (49%) and global companies (38%) was lower than that of nongovernmental organizations (68%), the United Nations (65%), national governments (52%) and labour unions (50%).

While more recent surveys, including the 2007 Edelman Trust Barometer show a rise in public trust in business, trust in CEOs remains low. For their part, CEOs see the importance of sustainability and CSR.

According to the 10th PricewaterhouseCoopers Annual Global CEO Survey, 81 per cent of CEOs surveyed (between September and December 2006)

agreed or agreed strongly with the statement: “My company’s development programme focuses increasingly on equipping leaders to take a role in creating a sustainable business environment.” A similar percentage of respondents in a U.S. Chamber of Commerce survey conducted in late 2005 agreed that companies need to make corporate citizenship a priority.

Potential benefits of implementing a CSR approach

The key potential benefits for companies implementing CSR include:

- Better anticipation and management of an ever-expanding spectrum of risk. Effectively managing governance, legal, social, environmental, economic and other risks in an increasingly complex market environment, with greater oversight and stakeholder scrutiny of corporate activities, can improve the security of supply and overall market stability. Considering the interests of parties concerned about a company’s impact is one way of better anticipating and managing risk.
- Improved reputation management. Organizations that perform well with regard to CSR can build their reputation, while those that perform poorly can damage brand and company value when exposed. Reputation, or brand equity, is founded on values such as trust, credibility, reliability, quality and consistency. Even for companies that do not have direct retail exposure through brands, their reputation for addressing CSR issues as a supply chain partner— both good and bad—can be crucial commercially.

- Enhanced ability to recruit, develop and retain staff. This can be the direct result of pride in the company's products and practices, or of introducing improved human resources practices, such as "family-friendly" policies. It can also be the indirect result of programs and activities that improve employee morale and loyalty. Employees are not only front-line sources of ideas for improved performance, but are champions of a company for which they are proud to work.

- Improved innovation, competitiveness and market positioning. CSR is as much about seizing opportunity as avoiding risk. Drawing feedback from diverse stakeholders can be a rich source of ideas for new products, processes and markets, resulting in competitive advantages. For example, a company may become certified to environmental and social standards so it can become a supplier to particular retailers. The history of good business has always been one of being alert to trends, innovation, and responding to markets. Increasingly, mainstream advertising features the environmental or social benefits of products (e.g., hybrid cars, unleaded petrol, 14 ethically produced coffee, wind turbines, etc.).

- Enhanced operational efficiencies and cost savings. These flow in particular from improved efficiencies identified through a systematic approach to management that includes continuous improvement. For example, assessing the environmental and energy aspects of an operation can reveal opportunities for turning waste streams into revenue streams (wood chips into

particle board, for example) and for system-wide reductions in energy use, and costs.

- Improved ability to attract and build effective and efficient supply chain relationships. A company is vulnerable to the weakest link in its supply chain. Like-minded companies can form profitable long-term business relationships by improving standards, and thereby reducing risks. Larger companies can stimulate smaller companies with whom they do business to implement a CSR approach. For example, some large apparel retailers require their suppliers to comply with worker codes and standards.
- Enhanced ability to address change. A company with its “ear to the ground” through regular stakeholder dialogue is in a better position to anticipate and respond to regulatory, economic, social and environmental changes that may occur. Increasingly, companies use CSR as a “radar” to detect evolving trends in the market.
- More robust “social licence” to operate in the community. Improved citizen and stakeholder understanding of the company and its objectives and activities translate into improved stakeholder relations. This, in turn, may evolve into more robust and enduring public, private and civil society alliances (all of which relate closely to CSR reputation, discussed above). CSR can help build “social capital.”

- Access to capital. Financial institutions are increasingly incorporating social and environmental criteria into their assessment of projects. When making decisions about where to place their money, investors are looking for indicators of effective CSR management. A business plan incorporating a good CSR approach is often seen as a proxy for good management.
- Improved relations with regulators. In a number of jurisdictions, governments have expedited approval processes for companies that have undertaken social and environmental activities beyond those required by regulation. In some countries, governments use (or are considering using) CSR indicators in deciding on procurement or export assistance contracts. This is being done because governments recognize that without an increase in business sector engagement, government sustainability goals cannot be reached.
- A catalyst for responsible consumption. Changing unsustainable patterns of consumption is widely seen as an important driver to achieving sustainable development. Companies have a key role to play in facilitating sustainable consumption patterns and lifestyles through the goods and services they provide and the way they provide them. “Responsible consumerism” is not exclusively about changing consumer preferences. It is also about what goods are supplied in the marketplace, their relationship to consumer rights and sustainability issues, and how regulatory authorities mediate the relationship between producers and consumers.

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“My company’s development programme focuses increasingly on equipping leaders to take a role in creating a sustainable business environment.” A similar percentage of respondents in a U.S. Chamber of Commerce survey conducted in late 2005 agreed that companies need to make corporate citizenship a priority.”

There is general evidence that companies are beginning to benefit from their CSR activities. This can be seen from such things as positive media profile (e.g., winning awards, receiving attention), surveys of employee, community and customer satisfaction, and from the success of CSR-driven business lines.

Here are some examples.

- The Indian TATA group is engaged in a wide variety of activities directed at helping community development. The company Web site lists examples of the positive media this has generated.

http://tata.com/0_our_commitment/community_initiatives/index.html.

- There are now high-profile lists of the most responsible companies. The Innovest firm “100 Most Sustainable Companies in the World” list, for example, has been released annually at the World Economic Forum since 2005.

<http://www.innovestgroup.com/>

Study shows benefits of CSR

Based on a two-year study, the World Business Council for Sustainable Development has drawn several conclusions about the benefits of CSR to companies”

- A coherent CSR strategy, based on integrity, sound values and a long-term approach, offers clear business benefits to companies and helps a them make a positive contribution to society;
- A CSR strategy provides businesses with the opportunity to show their human face;
- Such a strategy requires engagement in open dialogue and constructive partnerships with governments at various levels, intergovernmental organizations, non-governmental organizations, other elements of civil society and, in particular, local communities;
- When implementing a CSR strategy, companies should recognize and respect local and cultural differences, while maintaining high and consistent global standards and policies; and
- Being responsive to local differences means taking specific initiatives.

[4]

Implementing CSR: The framework for action

There is no fix format of the CSR framework or method for implementing CSR in any organisation. However, we will study below simple framework described by World Economic Forum Global Corporate Citizenship.

Leadership Challenge and the Framework for Action

The opportunity to leverage business activity to create sustainable economic growth has never been so good. Today, the business community recognizes, the essential imperative to deliver economic growth that gather together the natural resources, spreads the fruits of the global economy and contributes to fair and equitable social development. Over the past several years, the business community has devoted considerable attention to corporate responsibility, bringing a spirit of innovation and partnership. In many cases, however, these programmes have focused on symptoms rather than addressing root causes.

The CSR initiative should be taken in such way to have more universal impact. The business has to play an important role when Leadership is concerned. The framework discussed here has the potential to create the conditions in which businesses can flourish, governments can more effectively deliver public goods and social protection and, most importantly, societies can enjoy the fruits of sustainable economic growth.

1. Provide leadership

- Include public governance approaches in corporate responsibility and corporate global citizenship strategies.
- Use opportunities for dialogue with public sector leaders to raise this topic and communicate with civil society.
- Communicate the business case for strengthening public governance, including global governance.
- Support public-private-civil society collaboration as an essential tool for addressing core questions.

2. Define what it means for your company

- Identify the opportunities for impact that are most relevant to your company.
- Implement strategies based on your company's areas of greatest competence.

3. Make it happen

- Make public governance an element of all corporate global citizenship activities.
- Align government affairs and corporate global citizenship activities in support of essential business strategy.
- Set goals, measure performance and review progress.
- Build industry coalitions/collaborations to address universal issues.

4. Be transparent about it

- Report publicly on progress and challenges.
- Engage in dialogue with the public sector and civil society on how to address barriers and increase positive impacts.

[5]

Corporate Social Performance of Indian FMCG Cos.

Indian FMCG companies include domestic as well multinational companies. These companies are doing business of selling FMCG products ranging from Personal Care like shampoos, hair oil, body lotions, soaps, Home & Fabric Care like detergents, laundry soaps, to Foods products like biscuits, jams, fruit juices, etc. The main CSR challenges for these companies are reduction in the use of packaging material, environment protection and health care of direct stakeholders at the manufacturing areas, recycling of the waste material, etc.

With the help of Karmayog ratings and information made available on their websites by these companies, we try to analyse how Indian FMCG companies are doing in the field of Corporate Social Responsibility or CSR.

Karmayog CSR Rating for 2007-8

The problems and issues that confront society today are too large and complex to be solved by government and NGOs alone. Sustainable solutions to society's problems can only be found through the collaboration and involvement of all who are part of it.

Companies have tremendous strengths; they have extremely capable people, technology, access to money, the ability of geographical reach, etc. Many companies worldwide and now even in India are more powerful than

governments and even countries, and thus corporates are important stakeholders in society. CSR Ratings are important to various stakeholders for different reasons: - government bodies can use CSR Ratings to develop industry-wise CSR guidelines, industry associations can use them to set benchmarks of CSR for companies to follow, NGOs get to know about the CSR undertaken by companies, thus enabling partnerships with them, and companies themselves learn about and from the CSR initiatives of other companies.

The Karmayog Corporate Social Responsibility Study and Ratings of Indian Companies provides to explore and understand the role that corporates are playing and can play in finding meaningful solutions to the problems facing India today. Usually corporates are invited to enter or nominate themselves for CSR awards, and hence only the good companies are highlighted, whereas a rating enables a comparative study across all companies. Karmayog undertook a CSR study and rating to understand the CSR activities of all companies on an equal level, thus showing up companies doing no CSR, as well as showcasing companies doing good work.

The Karmayog CSR Ratings also help to identify areas where corporates, government and civil society organizations can work together.

Karmayog CSR Ratings criteria

- List of 1000 largest Indian companies is taken as per Sales figures from the BSE Sensex as in June 2008
- Information on the 1000 companies was collated from the company's website and Annual Report of 2007-2008
- Impact of the products and processes of the company is taken into account
- CSR initiatives of the company for the current period are studied, including a comparison with previously listed CSR initiatives.
- Companies are rated from Level 0 to Level 5 (Level 5 being the highest)
- Rating is based on Sufficient, Necessary and Negative Criteria for different levels
- All companies were informed of the assigned rating and requested to respond with further information, if necessary
- The Karmayog CSR Rating of any company is open to review whenever new information is provided by the company

A) Minimum Necessary Criteria

Necessary parameters that make a company eligible for a particular rating level:

Necessary Criteria	Explanation	Rating Level
If undertaking any CSR Activity	Where any kind of social, developmental or community work is done	Level 1
If CSR is linked to reducing the negative impacts of company's own products or processes	CSR activities that aim to improve processes and products of the company.	Level 2
If CSR initiatives are for the local community	CSR activities that are focused on those who are affected directly by the company	Level 3
If CSR is embedded in the business operations	CSR activities form a part of the daily business activities of the company.	Level 4
If innovative ideas and practices are developed for CSR	CSR activities enable sustainable and replicable solutions to problems faced by society.	Level 5

B) Sufficient Criteria for Minimum Rating

If the company is doing this, they automatically get this rating at least

Sufficient Criteria	What this means	Rating Level
Company fulfilling the basic needs of society e.g. manufacture of food	The products and services of the company are useful and benefits society	Level 1
Unique CSR activity which would not otherwise happen e.g. Developing a mapping and tracking software for adoption in India	The CSR activity being undertaken by the company is not being done by government, NGOs, etc.	Level 1
Company reducing negative impact of others e.g. A company that makes water purification & waste recycling systems	The company's products or services provide solutions to mitigate harm caused by actions of companies, their products, etc.	Level 1
Company adopting the GRI Framework for CSR reporting	The company is committed to measuring and reporting its CSR initiatives as per a voluntary globally accepted framework.	Level 2
Company's annual expenditure on CSR = 0.2% of sales	The company is committed to a minimum expenditure on CSR annually, and thus considers CSR as an integral part of its business	Level 3

C) Negative Criteria that usually determine the maximum possible Rating

Companies in this category will not normally get a higher rating than the one shown

Negative Criteria	Reason	Rating Level
Companies that make liquor, tobacco, genetically modified crops	These products are not needed by society, and cause harm to people and the environment. The CSR to do is to stop making these products.	Level 0
Companies that violate laws/rules/regulations	CSR is not limited just to how a company spends its money, but also to how it makes that money in the first place	Level 1
Companies engaged in high impact processes	Processes that severely damage the environment require extraordinary efforts by the company to reduce and repair the damage, and require greater contributions to benefit society	Level 1

Mandatory Recommendations

There are 3 mandatory recommendations flowing from the premise that 'every company must do CSR', and these are:

1. Minimum annual CSR expenditure

Every company must spend a minimum of 0.2% of its sales on CSR activities (i.e. Rs. 20 lakhs per Rs. 100 crores). The scale of operations of a company and its impact is connected with its turnover and not with its profit. The larger the company the greater is the damage it is doing to the environment. Conversely the greater is the company's ability to do well.

2) CSR Reporting

A Corporate Sustainability section should be included in the Annual Report and preferably a separate Corporate Sustainability Report (as per the Global Reporting Initiative framework) should be published by the company.

CSR reporting should also include details of CSR expenditure by the company.

CSR is linked to the company's processes. It is recommended that the section on CSR reporting should come after the EHS (Environment Health and Safety) section in the Annual Report.

3) Other recommended steps for CSR

a) Adoption of industry guidelines for improving processes

The first step is to identify and adopt methods to minimize the environmental damage caused by the products and processes. A comprehensive set of guidelines, both general as well as sector-specific, have been drawn up by the World Bank. These are known as the Environment, Health and Safety Guidelines (EHS) of the International Finance Corporation (IFC). The EHS Guidelines are technical reference documents with general and industry-specific examples of good international industry practice.

b) CSR linked to the skills of a company

Companies must use their core competence, skills and strengths while undertaking CSR activities, as CSR is not an un-related activity

c) CSR linked to the location of a company

Companies must first undertake CSR activities in the areas they are located in. (factories, plants, offices, etc.) The greatest impact (in terms of land, pollution, livelihoods, etc.) is on the local environment and community, and hence companies must focus on improving conditions in the communities in which they operate.

Non Mandatory Recommendations

Karmayog has also made 8 non-mandatory recommendations on CSR to enable companies to make their CSR programmes more meaningful and effective.

1. CSR philosophy to be defined
2. Ensure responsibility of suppliers
3. Create inclusive employment
4. Link CSR initiatives to government's development plans
5. Involve employees in CSR
6. CSR activity to improve the industry sector
7. Expand Reach to benefit society
8. Support areas and issues that are neglected

Analysis of CSR Performance of Indian FMCG Cos. Based on Karmayog ratings and information made available on their websites by these companies.

- 1). Only three companies got the rating of 3 and three companies got the rating of 1. No company out of 16 got more than 3 rating.
- 2). No companies have mentioned their CSR spending.
- 3). There are indications that CSR initiatives are for the local communities, however few companies are moving towards business embedded CSR initiatives.
- 4). Almost all 16 companies are doing CSR activities.
- 5). Analysing these companies websites, its found that Indian FMCG companies are energy conscious and working reducing energy consumption and also earning the carbon credits.
- 6). Companies like Hindustan Unilever, Tata Tea, and Dabur are more CSR active.
- 7). CSR challenge to these companies is reduce use of packaging material, recycle and use waste material, be energy conscious.
- 8). Companies like Tata Tea are more CSR conscious and publishes Sustainability Report every year.
- 9). The websites are not updated about the latest CSR initiatives they had taken.
- 10). Many FMCG companies are involved in environment protection CSR initiatives.

Sr No.	Company	Sales ('07-'08) in crores. (Rs.)	Recommended CSR (0.2% of sales) in crores (Rs.)	CSR Rating ('07-'08)	CSR areas
1	Dabur India Ltd.	2120	4.2	3	Community welfare, Environment
2	Hindustan Unilever Ltd	14000	28.0	3	Community welfare, Health care, Women, Education, Environment
3	Tata Tea Ltd.	1150	2.3	3	Environment, Health care, Education, Community welfare, Women's empowerment, Girl Child
4	Britannia Industries Ltd	4600	9.2	2	Community welfare
5	Colgate-Palmolive (India) Ltd	1500	3.0	2	Health care, Education
6	Emami Ltd	580	1.2	2	Community welfare, Health care
7	Gillette India Ltd	600	1.2	2	Water
8	GlaxoSmithkline Consumer Healthcare Ltd	1300	2.6	2	Environment, community welfare
9	Henkel India Ltd	390	0.8	2	Environment
10	Mcleod Russel India Ltd.	655	1.3	2	Environment, Education, Health care
11	Nestle India Ltd.	1000	2.0	2	Community welfare, Environment
12	Procter & Gamble Hygiene & Health Care Ltd.	645	1.3	2	Education
13	Tata Coffee Ltd.	360	0.7	2	Community welfare, Health care, Education
14	Godrej Consumer Products Ltd	880	1.8	1	Environment
15	Marico Ltd.	1500	3.0	1	Community welfare, Disaster relief
16	Nirma Ltd.	2300	4.6	1	Community welfare, Education

[6]

Appendices

Dabur India Ltd:

Dabur's major initiatives in the Social sector include:

Establishment of the Sustainable Development Society, or Sundesh, in 1993 - a non-profit organisation to promote research and welfare activities in rural areas; Promoting health and hygiene amongst the underprivileged through the Chunni Lal Medical Trust; and Organising the Plant for Life programme for schoolchildren - to create environmental awareness amongst young minds.

Dabur's commitment to Environment

Dabur values nature's bounty and committed to ecological conservation and regeneration. Dabur follows the principles of ancient texts, which say:

"Dehi me dadami te" - "you give me, and I give you".

Plants for Life

Dabur has set up the Plants for Life project in the mountainous regions of the Himalayas. Under the project, a high-tech greenhouse facility has been set up for developing saplings of rare and endangered medicinal plants. Fully computer-controlled and monitored, this greenhouse maintains the highly critical environmental parameters required for their survival. They are also developing quality saplings of more than 20 herbs, 8 of them endangered, through micro propagation.

In addition, satellite nurseries spread across mountain villages and contract cultivation of medicinal herbs helps in maintaining the ecological balance. These measures have also helped provide local cultivators the scientific knowledge for harvesting herbs and a steady source of income. So that they are not forced to exploit the environment to earn a livelihood.

Conservation of Energy

Dabur has been undertaking a host of energy conservation measures. Successful implementation of various energy conservation projects have resulted in a 13.8% reduction in the Company's energy bill in the 2008-09 fiscal alone. What was noteworthy was the fact that this reduction has come despite an 8-9% volume increase in manufacturing, and an average 11.7% increase in cost of key input fuels.

The host of measures – key among them being use of bio-fuels in boilers, generation of biogas and installation of energy efficient equipment – helped lower the cost of production, besides reduce effluent and improve hygiene conditions & productivity.

Technology Absorption

Dabur has also made continuous efforts towards technology absorption and innovation, which have contributed towards preserving natural resources.

These efforts include:

Minimum use of water in process by pre-concentration of herbal extract and reduction in concentration time.

Uniform heating in VTDs by hot water as against steam earlier, resulting in 30% reduction in bulk wastage by using non-stick coating and formulation change.

Improvement in water treatment plant through introduction of RO (Reverse Osmosis) system for DM water, reutilization of waste water from pump seal cooling and RO reject waste-water management.

Introduction of water efficient CIP system with recycling of water in fruit juice manufacturing. Development of in-house technology to convert fruit waste into organic manure by using the culture *Lactobacillus burchi*.

The Company has achieved a host of significant benefits in terms of product improvement, cost reduction, product development, import substitution, cleaner environment and waste disposal, amongst others.

Health Safety & Environmental Review

Renewing the commitment to Health Safety and Environment, Dabur has formulated a policy focusing on People, Technology and Facilities. A dedicated "Safety Management Team" has also been put in place to work towards the prevention of untoward incidents at the corporate and unit level, besides educate & motivate employees on various aspects of Health, Safety and Environment.

The Company is also continuously monitoring its waste in adherence with the pollution control norms. In pursuance of its commitment towards the society, efforts have also been initiated to conserve and maintain the ground water level. The efforts include implementation of rainwater harvesting, which has delivered encouraging results and has put the company on the path to becoming a Water-Positive Corporation.

Dabur also initiated a Carbon Foot Print Study at the unit level with an aim to become a carbon positive Company in years to come.

[7]

Hindustan Unilever Ltd:

Hindustan Unilever Ltd. (HUL) is engaged different CSR programs. These include:

Water Conservation and Harvesting;

Project Shakti;

Lifebuoy Swasthya Chetna;

Fair & Lovely Foundation for the economic empowerment of women (scholarships);

Happy Homes: Asha Daan, Ankur, Kappagam, Anbagam;

Sanjivani - Medical Care to Rural India;

Water Conservation and Harvesting

Water scarcity is one of the biggest crises facing India. Water management has been a focus area for HUL, and has been made one of the key performance indicators of all HUL factories. HUL is also committed to extending its efforts on water management to the larger community, and has engaged in community projects in water adjacent to manufacturing sites.

In association with an NGO, Vanarai, HUL's Silvassa manufacturing hub (in the Union Territory of Dadra & Nagar Haveli) embarked on a long-term project of water harvesting, which aimed to dramatically change water availability, taking it up to year-round availability from 4 months.

One of the first steps taken in the community was the awareness building process, which was accomplished with Vanarai's help, reaching out to every corner of the village and involving every member of the village. Although it was a slow, difficult process, getting buy in of the village and the Union Territory government was the key to sustained success of the programme. Once HUL had their commitment, the villagers were trained by Vanarai at Pune in areas including building of watershed structures. The partners and teachers also visited the agriculture centres around Gujarat.

From their learning, the community built 14 Vanarai bunds (structures made of sacks filled with sand) in 2003, 33 Vanarai bunds in 2004, 31 Vanarai bunds in 2005, 18 Vanarai bunds in 2006, 19 Vanarai bunds in 2007 and 6 Vanarai bunds in 2008 (some of Vanarai Bunds were made by villagers themselves). Approximately 5 % of total run off was harvested in 2007. This enabled the community to sow a second crop thereby significantly increasing their incomes

The bunds increased the availability of water in a year itself from 4 monsoon months to 8 months. The region for the first time in its history saw the second crop, rabbi being planted. It consisted of wheat, pulses, and seasonal vegetables. Bund plantations in the village helps generate timber, firewood and also demonstrates the benefits of green cover. Continuous Water Trenches reduced the speed of water and soil erosion. They also reduced wind erosion, increasing moisture holding capacity of soil, increasing its fertility as well as supporting water percolation and ground water recharge.

From 2004 to 2008, 133 Bunds were created as a part of the water harvesting initiative. Under community welfare initiatives, credit cards were distributed to farmers. As a part of the afforestation activity, 58000 trees were planted covering 43 hectare land and over 8000 Mango plants were distributed to farmers as a part of the Horticulture development programme.

In 2008, HUL in partnership with NGO Vanarai and Aide et Action started a project called project 'Samruddhi' (meaning prosperity). Under this project the watershed development activities have been extended to other villages like Dapada & Patti village in Silvassa, Dadra and Nagar Haveli. As a part of the project so far 18 Vanarai bunds have been created in Dapada, Patti and Karchond villages.

HUL's Khamgaon factory is located in a dry and arid region of Maharashtra. Around 12 years ago the factory started a pilot on 'Watershed Management' on a 5-hectare plot to prevent soil degradation and conserve water. The efforts have resulted in the creation of a green belt, which is now a veritable forest of about 6300 trees.

Encouraged by the results, HUL extended the model to a neighboring village, Parkhed, in association with the TERI and the Bharatiya Agro Industries Foundation.

The community at Parkhed has constructed 47 percolation bunds, 1600 trenches, 6000 running metres of continuous contour trenching over 100

hectares and 5 permanent check dam. About 7000 saplings have been planted in 2006 in addition to 10000 planted in 2004 and 20000 saplings were planted during the 2003 monsoon.

Total 5 check dams have been built since the inception. This has increased the area for second crop to over 400 acres, but the cluster of check dams will lead to general increase in ground water level in the village. The check dams ensure water availability throughout the year and now over 40% of the village wells will be benefited through the check dams.

350 families benefited by taking second crop. The annual income of the farmers in the vicinity of 5 check dams was approximately Rs. 36000/- on an average before the construction of the check dam. After the construction of the check dams, the annual income has risen to approx. Rs. 85000/- per annum per farmer. This has been attributed to the availability of water in the wells during the Rabi season and also increase in level of water in the wells during the Kharif season.

The initiative received appreciation at the Johannesburg World Summit on Sustainable Development.

Project Shakti: Changing lives in rural India

HUL's Project Shakti is a rural initiative that targets small villages populated by less than 2000 individuals. It is a unique win-win initiative that catalyses rural affluence even as it benefits business.

Project Shakti impacts society in two ways – the Shakti Entrepreneur program creates livelihood opportunities for underprivileged rural women and the Shakti Vani program improves quality of life by spreading health and hygiene awareness. Project Shakti benefits business by significantly enhancing HUL’s direct rural reach, and by enabling HUL’s brands to communicate effectively in media-dark regions.

The Shakti Entrepreneur program recognises that while micro-credit plays a key role in alleviating poverty, its ability to do so depend on the availability of investment opportunities. Shakti contributes by creating profitable micro-enterprise opportunities for rural women. Armed with microcredit, rural women become Shakti entrepreneurs: direct-to-home distributors in rural markets. This micro-enterprise offers low risks and high returns. The products distributed are some of the country’s most trusted brands of consumer goods, and include a range of massmarket products especially relevant to rural consumers. Moreover, HUL invests its resources in training the entrepreneurs, helping them become confident, business-savvy professionals capable of running their own enterprise.

Shakti entrepreneurs typically earn between Rs. 600 to Rs. 800 per month. As most of these women are from below the poverty line and live in extremely small villages (population between 2000-5000), this earning is very significant, and often doubles their household income.

Poor hygiene practices are the single largest cause of common diseases such as diarrhoea. Lack of awareness of basic health and hygiene practices kills over 500,000 children every year in rural India. The Shakti Vani Program educates rural community about basic health practices. Rural women are appointed as Vanis (communicators) and trained to communicate in social fora such as schools and village get-togethers. The Vani program covers areas including pre and postnatal care, infant nutrition, sanitation, good hygiene practices, and the prevention of common diseases. By end 2007, the Vani programme had covered over 50,000 villages, reaching out to over 50 million people.

Various central and state government agencies, including the governments of Andhra Pradesh, Karnataka, Madhya Pradesh, Chhatisgarh, Uttar Pradesh, and Orissa have extended support to Shakti. Over 300 NGO's are actively involved in the project. A national MOU has been signed with CARE India, covering the fields of health and hygiene awareness and functional adult literacy.

Shakti's impact on society is far-reaching. The Shakti entrepreneur program creates livelihood opportunities for underprivileged rural women. It has already improved the lives of over 45,000 families of Shakti entrepreneurs. The Shakti Vani program works to improve the quality of life in rural India, by spreading awareness of best practices in health and hygiene.

Shakti operates in fifteen states: Andhra Pradesh, Karnataka, Tamil Nadu, Gujarat, Madhya Pradesh, Chattisgarh, Maharashtra, Uttar Pradesh, Punjab, Haryana, Rajasthan, West Bengal, Bihar, Jharkhand and Orissa. There are over 45,000 Shakti entrepreneurs covering over 100,000 villages across 15 states. The Vani program has covered over 50,000 villages.

Lifebuoy Swasthya Chetna, Health & Hygiene Education

Lifebuoy Swasthya Chetna (LBSC) is a rural health and hygiene initiative which was started in 2002. LBSC was initiated in media dark villages (in UP, MP, Bihar, West Bengal, Maharashtra, Orissa) with the objective of spreading awareness about the importance of washing hands with soap.

According to a study done by the London School of Hygiene and Tropical Medicine, the simple practice of washing hands with soap and water can reduce diarrhoea by as much as 47%. However, ignorance of such basic hygiene practices leads to high mortality rates in rural India.

Being India's leading personal wash health brand, Lifebuoy saw a role for itself in propagating the message of hygiene and health in villages. HUL launched Lifebuoy Swasthya Chetna initiative keeping this rationale in mind.

LBSC is a multi-phased activity which works towards effecting behaviour change amongst the rural population it touches. It demonstrates that "visible clean is not really clean" thereby proving the importance of washing hands. It

targets children as they are the harbingers of change in society and mothers since they are the custodians of health.

The Indian postal department released a special postal cover on Lifebuoy Swasthya Chetna on the occasion of World Health Day (April 7) in 2006.

The programme has touched 50676 villages and 12 crore people since 2002.

In 2008 alone LBSC contacted 15,000 villages in UP, MP, Maharashtra, Bihar, Karnataka.

Fair & Lovely Foundation for the economic empowerment of women (scholarships)

The Fair & Lovely (FAL) Foundation aims at economic empowerment of women across India by providing information, resources and support in the areas of education, career and enterprise. It specifically targets women from low-income groups. The Foundation has renowned Indian women, from various walks of life, as its advisors. Among them are educationists, NGO activists, physicians. The Foundation is implementing its activities in association with state governments. The series of projects that have been drawn up to achieve the vision include the following:

- Fair & Lovely Scholarships

Fair & Lovely Foundation has awarded over 600 deserving girls since 2003.

Fair & Lovely Scholarships awards scholarships to women with aptitude, drive and the ambition to carve a place of pride for themselves in society, but do not have the financial strength to realize their dreams. In its third year these

scholarships was extended to graduate studies owing to requests from HULs consumers. Scholarships of up to Rs 1 lakh each (approximately 1818 euros) are awarded to deserving young girls from across the country for any graduate, post-graduate and doctorate courses within India.

- Fair & Lovely Career Fairs

Over 6,00,000 students have benefited from Career Fairs conducted in all over cities in India. Fair & Lovely Career Fairs are designed to address the needs of girl students passing out of Class X and XII. The project aims to answer the various career related questions that students face at the crossroads of their life. Fair & Lovely Career Fair influences career decisions through proper guidance and relevant information, transmitted through mass media, and by direct contact with students.

- Fair & Lovely Shikhar

Fair & Lovely Shikhar, an initiative by Fair & Lovely, aimed to explore the inspiring stories of women achievers who have overcome all obstacles with their strong will and positive attitude and “changed their destinies”. Fair & Lovely Shikhar is a unique concept based on a real life scenario of women from various walks of life. The thirteen episode series were aired on Sony Entertainment Television, between August 28th to November 20th, 2005.

- Fair & Lovely Project Suvarna

Project Suvarna is an identification and training activity aimed at harnessing available talent in selected events in Women Athletics in the age groups of

under 12, 14, under 16 and under 18. This activity was conducted in 2 states in India - Maharashtra and Tamil Nadu - in the year 2005.

Participants in this programme were selected strictly based on relative superiority of athletic abilities among the competing girls at the selection trial as judged by PT Usha, the renowned Indian international athlete. Out of the 5000 girls who participated, 173 were selected. These 173 underwent training under the guidance of Ms. P. T. Usha at her Academy.

- Fair & Lovely Project Swayam

Project Swayam is an initiative in the area of education and enterprise for women by Fair & Lovely Foundation in association with VRDC (Vanasthali Rural Development Centre). Under this project women were trained to become Pre-school teachers. Post their training, these women, with help from VRDC could start their own schools, providing them with an earning opportunity. This project was replicated in Bihar in association with local NGO – Jan Jagran Sansthan, in the year 2005.

Happy Homes, Special Education & Rehabilitation

Under the Happy Homes initiative, HUL supports special education and rehabilitation of children with challenges.

- Asha Daan

The initiative began in 1976, when HUL supported Mother Teresa and the Missionaries of Charity to set up Asha Daan, a home in Mumbai for

abandoned, challenged children, the HIV-positive and the destitute. HUL bears the capital and revenue expenses for maintenance, upkeep and security of the premises.

At any point of time, about 370 inmates comprising of boys, girls, men and women are housed at the Home. Food, clothing and medicines required by inmates are taken care of by the donations received from the locals of Mumbai city.

Till November 2008, 15933 numbers of individuals have benefited from Ashadaan.

- Ankur

In 1993, HUL's Doom Dooma Tea Plantation Division set up Ankur, a centre for special education of challenged children. Since 2006, HUL Personal Products Factory, Doom Dooma took over the reign from the Tea Divisions. The centre takes care of children with challenges, aged between 5 and 15 years. Ankur provides educational, vocational and recreational activities to over 50 children with a range of challenges, including sight or hearing impairment, polio related disabilities, cerebral palsy and severe learning difficulties. These children are taught skills, such as cookery, painting, embroidery, bamboo crafts, weaving, candle making, stitching, etc. depending on their aptitudes. The centre has rehabilitated 10 children, including self-employment for 6 children by providing them with shops, and 3 girls have

been provided employment as crèche attendants. It has also helped 18 children in moving them to normal schools.

Since inception it has covered more than 80 children. Ankur received the Lawrie Group's Worldaware Award for Social Progress in 1999 from Her Royal Highness in London.

Other shelter houses started by HUL are Kappagam, South India in 1998 and Anbagam in 2003.

Sanjivani - Medical Care to Rural India

HUL started Sanjivani – a free mobile medical service camp in the year 2003 near its Doom Dooma factory in Assam. The aim was to provide free mobile medical facility to the interior villagers in Assam. This was done keeping in mind the lack of quality medical facilities available in the villages in and around Doom Dooma.

In a year, approximately 400 medical camps are conducted under the Sanjivani project. Along with the regular consultancy and treatment given at the medical camps, Sanjivani also undertakes activities like awareness campaigns on hygiene, child immunization camps, iron supplement therapy, free eye check ups, family planning awareness camps, anti-tobacco education and anti-alcoholism camps, based on the requirement of the villagers. Moreover, Sanjivani team has also helped in supporting Government

agencies and held camps in collaboration with Indian Medical Association also, in Tinsukia district.

Villages falling within the radius of 30 kms have been identified for the project and they are centrally located with many bordering villages. Although government primary health centers are available in and around the areas identified but the necessary medical facilities are not available. Sanjivani is a big relief to villagers in this region.

The Sanjivani project has provided medical assistance to more than 1, 54,500 patients since its inception and in 2007 alone in 344 camps more than 22,395 patients were treated. In 2008 through 438 camps, 32,000 patients have been treated.

[8]

CO2 Reduction Program

HUL harnesses agro waste in a move to turn green, earn more greenbacks. HUL hopes to piggyback on nondescript agricultural waste as it sets out to achieve multiple objectives of strengthening its bottomline and reducing harmful emissions. The company has an ambitious target to reduce carbon-dioxide emission (CO2) in its manufacturing operations by 25 per cent in the next four years by using agri-waste to fuel its boilers in factories.

The company also has set out a 10-year plan to earn lucrative carbon credits through emission reduction technologies.” Our energy costs have come down

by 30 per cent in those factories where we are using agri waste to run boilers," HUL executive director Dhaval Buch told Hindustan Times.

Agricultural waste such as groundnut shells, bagasse (from sugarcane), sawdust, coconut shells, cashew kernels etc. do not have any primary use. What these waste products do have, is a fair amount of calorific value -- the ability to burn and impart heat -- which comes in handy if one looks at them as potential fuels.

HUL first used agriwaste in its factory in Chipla, Ratnagiri district, Maharashtra, and followed it up with another plant in Pondicherry. Buch said the exercise would be extended to plants located across the country.

The company has also developed a process of manufacturing soap based on 'Plough Share Mixer' technology, which eliminates the need for steam in soap-making. That cuts carbon emissions by 15,000 tonnes a year.

HUL is also expecting additional revenue by trading carbon credits regulated by the United Nations Framework of Climate Change (UNFCCC). The UNFCCC has put in place all the rules and the required apparatus. Authorised agencies certify the reduction in carbon emissions through a particular technology or project in terms of "units." The price of carbon is fixed on a per tonne basis and determined by market forces. Buch said the projects would help the company earn carbon emission reduction (CER) of approximately 27,000 a

year for the next 10 years. Under UNFCC norms one CER is equivalent to reduction in emission of one tonne of carbon dioxide.

[6]

Tata Tea Ltd.:

The welfare and the well being of Tata Tea's large workforce - about 34,000 employees and their families drawn largely from the weaker sections of the society is of paramount importance to the company. The company has put in dedicated effort and large expenditure, entirely voluntary, that has gone into upgrading the quality of life of the workforce. Significant contribution to the country's social, cultural and environmental development.

Comprehensive labour welfare programmes that offers free housing, healthcare and community development facilities.

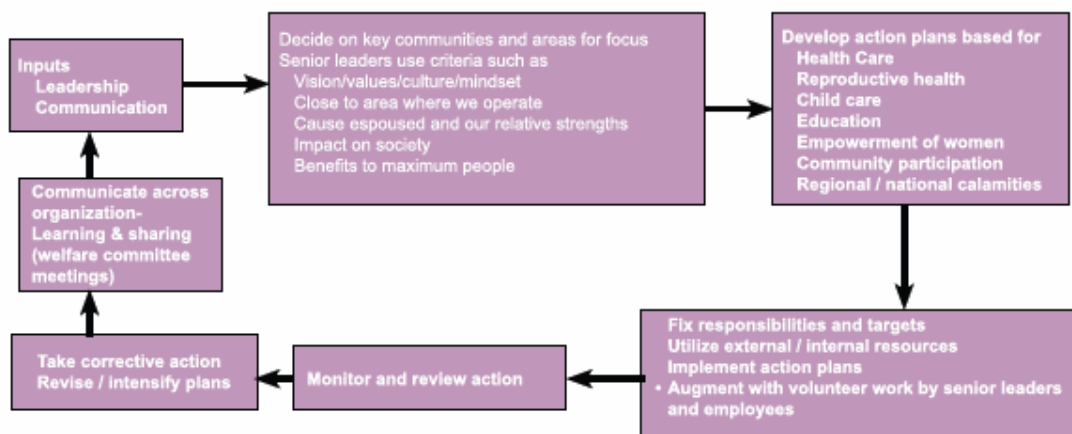
Manages estate hospitals and 2 large referral hospitals. Manages adult literacy centres, and childcare centres.

Has established schools to educate children of estate employees, and has instituted scholarships for these children.

Manages a programme for physically disadvantaged children in its estate

[6]

Tata Tea have won several CSR awards and have well structured process for identifying key communities and implementing social welfare plans.



Process for identifying key communities and implementing social welfare plans

Tata Tea continues to support and take responsibility for the General Hospital, Shrishti welfare centre, and High Range school at Munnar.

Shrishti welfare centre setup for differently abled children of the tea community runs a DARE school for special children, Strawberry Preserve Unit, Athulya Hand-made Paper Unit, and Aranya – a dying unit specialising in shibori dying, a Japanese tie and dye art form.

Tata Tea – Supporting and strengthening communities in below areas:

Health Care

Reproductive health

Child care education

Education

AIDS awareness/Adult literacy

Employment of women and physically challenged

Community participation

Environmental preservation

Natural calamities

[9]

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