

# CSR: the new GAME-CHANGER

We are all familiar with what was arguably the most headline-grabbing clause of the new Companies Bill — mandatory spending of two per cent of net profit of the last three years on CSR activities. This calls for a whole new structured approach by companies, discovers **Ankita Shreeram**



>> **Ramya Rajagopalan**, Siemens, India



>> **Sanjay Manocha**, Koenig Solutions Ltd



>> **Fern Ngai**, Community Business



>> **Lt Gen Rajender Singh**, DLF Foundation



>> **Loveleen Kacker**, Tech Mahindra Foundation



>> **Nikhilesh Panchal**, Khaitan & Co

➔ **The fine print** - Not only does the Companies Bill mandate CSR (Corporate Social Responsibility), it also provides a framework within which listed companies will have to operate. "Schedule 7 of the Act lists out activities, which a qualified company can take up in discharging its CSR and includes promotion of education, promotion of gender equality and empowering women and employment-enhancing vocational skills. Section 135 and Schedule 7 specifically provide that a preference should be given to the local area where a company operates," explains Nikhilesh Panchal, partner, Khaitan & Co, a law firm.

➔ **The game plan** - Apart from identifying key CSR areas and appointing an internal team, organisations also have the option of roping in CSR consultants. "This will provide opportunities to CSR consultants - an unexplored area so far. More people may be encouraged to build expertise in this area in the future," agrees Ramya Rajagopalan, head communications and corporate citizenship,

## SANJAY MANOCHA, CSR HEAD, KOENIG SOLUTIONS OFFERS TIPS TO EXECUTE THE NEW CSR CLAUSE:

- ✓ IDENTIFY A SINGLE COURSE, SO THAT A MEASURABLE DIFFERENCE CAN BE MADE;
- ✓ SELF-MANAGEMENT OF THE PROJECT WILL ENSURE MAXIMUM RETURNS AND MAKE THE PROJECT PALPABLE WITHIN THE ORGANISATION;
- ✓ THE PROJECT SHOULD BE IN THE VICINITY. THIS WILL ENABLE PARTICIPATION FROM ALL EMPLOYEES.

Siemens, India. "Companies can create a synchronisation of their CSR teams with various other corporates and the government to ensure greater impact through collective effort. Also, they can join hands with NGOs, so that they use their expertise in devising programmes," suggests Lt Gen Rajender Singh, CEO, DLF Foundation.

"Think about CSR strategically - include it in your business strategy. Also do what's right for your company rather than donating money to a number of causes. For instance, real-estate companies could focus on minimising their damage to the environment. Ask stakeholders what they think," advises Fern Ngai, CEO, Community

Business, a Hong Kong-based non-profit organisation dedicated to advancing CSR in Asia. "Publishing periodic sustainability reports would also be a great motivator," she adds. As an example, she cites how Africa was witnessing several absences due to the spread of HIV Aids. Companies then decided to educate their employees about the ailment as a part of their CSR activities. Thus, CSR should be a response to current socio-economic requirements. "Companies should align their CSR policies with major governmental social policies, goals and initiatives. This will ensure that they do not create parallel systems but strengthen the existing ones," opines Loveleen Kacker, CEO, Tech Mahindra Foundation.

➔ **The timeline** - Revamping the CSR process can take anything from a few months to a year and in all likelihood, companies will have to get their projects underway immediately. "Upon Section 135 being notified to come into force, qualified companies will be required to set up committees, formulate policies, identify CSR activities, implement and report them in their annual report," says Panchal.

Thus, the bill will usher in a new and hopefully advantageous era in corporate CSR.

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