

# SUMMARY OF THE

## **Karmayog Corporate Social Responsibility Ratings of the 500 largest Indian Companies - 2007**

[www.karmayog.org/csr](http://www.karmayog.org/csr)

(Url of this note is [www.karmayog.org/redirect/stred.asp?docId=11691](http://www.karmayog.org/redirect/stred.asp?docId=11691))

### **1. Introduction**

**“Every company harms the environment and people!”**

Corporate Social Responsibility is thus just about two aspects:

- 1) The steps taken by a company to neutralise, minimise or offset the harmful effects caused by its processes and product-usage.
- 2) The further steps a company takes using its resources, core competence, skills, location and funds for the benefit of people and the environment.

Corporate Social Responsibility thus helps to define the contribution of a company beyond economic value and creating employment, and weighs this contribution against the damage done by the company through its products and processes.

This is the basic premise for Karmayog undertaking a rating of the Corporate Social Responsibility activities of India’s 500 largest companies (by sales).

**This is the first time that such an exercise has been done in any country.**

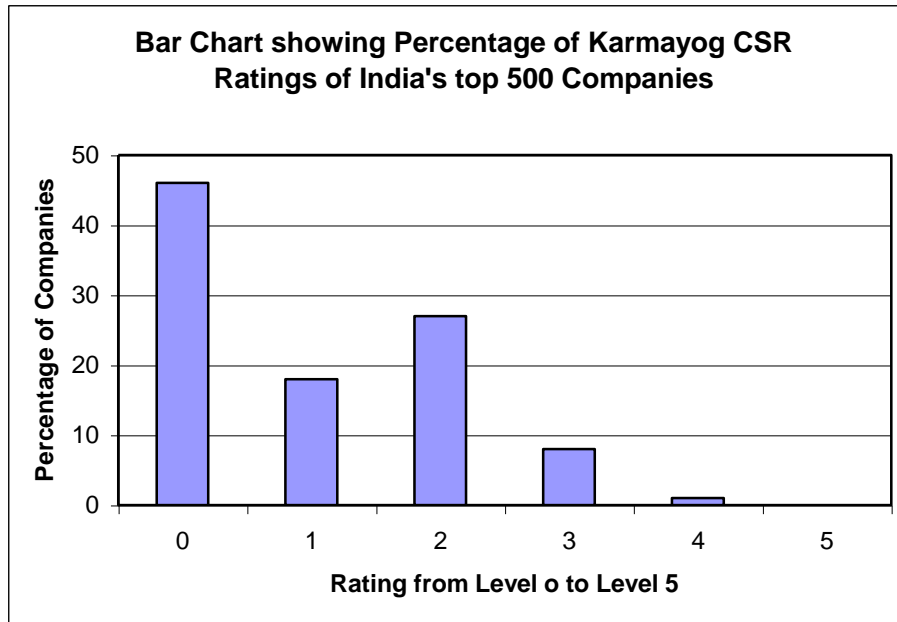
### **2. Results of the Karmayog CSR Rating of India’s top 500 companies**

The results of the Karmayog CSR Rating are extremely disappointing. They are as follows:

<b>Karmayog CSR Rating</b>	<b>No. of Companies</b>	<b>% of Companies</b>
Level 5 (highest)	0	0 %
Level 4	4 **	1 %
Level 3	41	8 %
Level 2	137	28 %
Level 1	89	18 %
Level 0	229*	46 %

\* Companies doing no CSR as per information from their websites and annual reports

\*\* The 4 companies with a Level 4 rating are HDFC, Infosys Technologies, Tata Steel and Titan Industries



### 3. Observations from the Karmayog CSR Ratings

Observations from the Karmayog CSR Rating of India's 500 largest companies:

1. Most companies are not doing any CSR
2. Many companies are only making token gestures towards CSR in tangential ways such as donations to charitable trusts or NGOs, sponsorship of events, etc.
3. Most companies believe that charity and philanthropy equals to CSR; very few companies are using their core competence to benefit the community.
4. Most companies use CSR as a marketing tool to further spread the word about their business. For instance, donation of a token amount to some cause on purchase of a particular product. The fact that companies are hiring advertising agencies for their CSR further highlights this.
5. Only 6 Indian companies (from this study) publish a Corporate Sustainability Report to measure and assess the impact of their business on the environment
6. Very few companies openly state the processes followed by them, the damage caused by these processes, and the steps taken to minimise this damage.
7. Very few companies state how much they spend on CSR. There is no mention of the amount spent in any of their balance sheets or annual reports. Most companies just list and describe their CSR activities and seem to be spending minimal amounts on CSR.
8. Very few companies are engaged in CSR activities in the local communities where they are based.
9. Very few companies have a clearly defined CSR philosophy. Most implement their CSR in an ad-hoc manner, unconnected with their business process.
10. Most companies spread their CSR funds thinly across many activities, thus somewhere losing the purpose of undertaking that activity.
11. Most companies appear reluctant to themselves fulfil their CSR unless it is mandatory by law.

12. Generally speaking, most companies seem either unaware or don't care about CSR. However, all companies can be considered to be on an upward learning curve with respect to CSR and it is expected that the situation will improve.

#### **4. About the Karmayog CSR Ratings**

- The Karmayog CSR Ratings are from Level 0 to Level 5 (Level 5 being the highest).
- The CSR rating and reach of every individual company is given in [www.karmayog.org/redirect/stred.asp?docId=9041](http://www.karmayog.org/redirect/stred.asp?docId=9041) along with the CSR focus areas, specific CSR activities, sales, profit, and recommended amount to be spent on CSR. See **Annexure 1** for an extract from the table of the Karmayog CSR rating of India's top 500 companies.
- A note on the parameters for the Karmayog CSR Rating of India's top 500 companies is available at [www.karmayog.org/CSR/CSR\\_9860.htm](http://www.karmayog.org/CSR/CSR_9860.htm)
- The list of 500 companies is taken from Dun & Bradstreet's 2006 edition of 'India's Top 500 companies'.
- Ratings are based on information from the company's website and latest annual report.
- All companies were emailed about their CSR activities and their rating as posted on Karmayog & invited to respond
- We know that some ratings may be incorrect due to insufficient information available at the sources of our research. The need, value and learnings from the rating exercise remain unaffected by this.
- The Karmayog CSR Rating of an individual company will be reviewed whenever new information will be available from the company or other sources.
- Sector-wise analysis of CSR (such as automobiles, banking, cement, etc) has also been done for the top 500 companies that have been rated. This shows examples of companies in each sector which are doing effective CSR activities. See [www.karmayog.org/sectortablesOfcsr/](http://www.karmayog.org/sectortablesOfcsr/)
- Details of the CSR activities of more than 200 other Indian companies (outside the top 500) have also been collated to show that companies of any size can do considerable and effective CSR activities. See [www.karmayog.org/csrothercompanies/](http://www.karmayog.org/csrothercompanies/)

#### **5. Karmayog's Demands from Corporates and Government for CSR**

The insights and learnings gained from the rating exercise have resulted in the following recommendations. It is important for all stakeholders to introspect and adopt these recommendations.

##### **A) Compulsory recommendations:**

###### **1) Begin adopting industry guidelines**

The first step is to begin adopting international guidelines, as these are comprehensive and well researched. Two types of international guidelines and norms exist:

- Common guidelines that are applicable to most industries. e.g. Minimum Environment, Health and Safety (EHS) Guidelines for companies
- Industry-specific guidelines that are linked to the processes of that sector. e.g.: sector-specific guidelines that include technical reference documents for different sectors such as forestry, manufacturing, power, etc. (available at [www.karmayog.org/internationalguidelinesforcsr/](http://www.karmayog.org/internationalguidelinesforcsr/) )

Both kinds of guidelines identify methods that companies can adopt to minimise environmental damage caused by products and processes.

It is imperative that companies state in their Annual Report where they are on this path, and also for government, in consultation with industry associations and experts, to set timelines for the adoption and implementation of these guidelines.

## **2) Sustainability reporting**

It is recommended that every company should publish a separate Corporate Sustainability Report (as per the Global Reporting Initiative (GRI) framework) along with their Annual Report.

At the very least, every company must include a Corporate Sustainability section in its Annual Report (similar to the mandatory section on Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo).

## **3) Protection and restoration of the environment**

Every company must be engaged in CSR activities that minimise its own damage to the environment, and which help restore damage done to the environment because of the company. For example, all companies should use energy-efficient technologies for their factories and offices, and adopt rainwater harvesting irrespective of the production process they are engaged in.

## **4) Minimum annual CSR expenditure**

Every company must spend a minimum of 0.2% of its annual income on CSR activities. The CSR spending of a company should not be linked to the profit made by the company because this would vary from year to year and the CSR activities would thus not be consistently maintained.

The scale of operations of a company and its impact is connected with its sales, and not with its profits. 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 good.

## **B) Voluntary recommendations:**

### **1) CSR philosophy to be defined and articulated**

Every company must clearly define its own CSR philosophy and objectives, stating which issues it intends working on or contributing to. It is recommended that a company first takes up areas that directly concern its business processes, and thereafter any other related or unrelated issues. These can also yield strategic benefits to the company.

## **2) Focused CSR activities for greater impact**

It is recommended that a company identifies a few issues for its CSR activities and works on these areas for a sustained period of time so that measurable results and improvements can be achieved, rather than undertaking or supporting several small initiatives across several areas thereby reducing effective impact.

## **3) Employment for marginalised groups**

Every company should provide inclusive employment opportunities and include the physically-challenged and marginalised groups in their workforce. The number of employment opportunities offered to such groups should be stated in the Annual Reports as is done by Public Sector Undertakings.

## **4) Local community development**

It is recommended that a company first undertakes projects in the places where it functions, and helps those local communities and environments that are affected by its work.

## **5) Use of core competence**

Every company should use its core competence to benefit its stakeholders and society. For instance, banks can use their expertise to identify and counsel debtors who are likely to run into financial trouble

## **6) Extending profile and area of businesses**

A company should attempt to stretch its business beyond its existing profile and into areas where it does not normally work so as to reach out to under-served groups and populations. While this may sometimes mean smaller profit margins or marginal losses for the company, it will invariably result in valuable business learnings as well as effective CSR for the company.

## **7) Developing internal CSR implementation systems**

A company may choose to develop an in-house CSR team or division that undertakes the CSR activities for the company. This is desirable as it leads to greater sensitisation and awareness within the company about its processes, responsibilities, role, etc., and leads to the internalisation of the company's CSR philosophy.

Instead of contributing to the trust of the CEO or the promoter family, a company should set up its own trust/foundation as a matter of proper business ethics.

The company may also choose to partner with one or two Non-Governmental Organisations (NGOs) or other organisations for its CSR activities.

It is recommended that a company set up a committee that includes an external Director, an NGO and local stakeholders for selecting, monitoring and evaluating its CSR activities.

# **6. Importance of the Karmayog CSR Ratings**

Every stakeholder has a role to play to make CSR effective and sustaining. Accordingly, this rating exercise hopes to achieve the following objectives vis-à-vis various stakeholders of a company.

**a) For companies**

- To sensitise their directors and their employees about their responsibility towards society
- To identify CSR activities they can and should undertake
- To understand the various international guidelines and norms for CSR, and to effectively implement these
- To learn about and from the CSR initiatives of other companies

**b) For industry and trade associations**

- To get a snapshot of the state of CSR in India
- To set benchmarks of CSR for companies to follow
- To prepare case studies and highlight best practices of CSR
- To provide consultation on CSR
- To work with Government and NGOs and international organisations to upgrade and improve CSR activities in India and to set milestones for companies
- To recognise companies doing good CSR activities by instituting awards based on these parameters.
- To understand the huge scale and magnitude of the benefits that are possible if an entire sector spends at least the recommended minimum amount on CSR. See [www.karmayog.org/sectortablesocsr/](http://www.karmayog.org/sectortablesocsr/) for comparison between income and recommended CSR spend.

**c) For government bodies**

- To make industry-wise guidelines and to introduce legislations that cause companies to work effectively towards reducing environmental damage, and restoring damage done (in the areas of raw material sourcing and usage, by-product and waste disposal, product-usage and end-disposal)
- To make legislation that rewards CSR and penalises damage to the environment

**d) For NGOs & consultants**

- To know about the areas of CSR work undertaken by companies, thus enabling partnerships with them
- To be able to identify companies which are not doing CSR or doing so in a token manner, so as to approach these companies to initiate meaningful projects
- To assist companies to formulate CSR objectives, implement CSR activities, and monitor and evaluate their CSR activities.

**e) For media**

- To stop eulogising corporate leaders whose companies are damaging the environment & harming lives
- To present a clear view of CSR that is separate from philanthropy, charity, marketing, advertising, or expanding business scope, and to sensitise the public about this

- To highlight companies which are practising good CSR, and to negate those companies which are actually engaged in marketing or advertising of their products or services under the guise of CSR
- To encourage and enable business publications to have a regular feature or column dedicated to CSR initiatives along with feedback from NGOs and other stakeholders

**f) For researchers**

- To study CSR practices & results
- To influence the shaping of CSR policy and regulations

**g) For students and colleges/institutions**

- To become sensitised about the role and responsibility of companies and to understand the impact and consequences of everyday processes and actions
- To develop a holistic view of life and living

**h) For citizens, shareholders and investors**

- To understand that as consumers and stakeholders of companies, we can and need to influence companies to change harmful policies and adopt CSR practices, due to the huge impact and power that companies have on people and the environment
- To ensure that through our purchase choices, we get desirable values for society to be reflected in how companies do business

*“There are stakeholders who can voice their concerns today while we engage them. There is another category of stakeholders like flora, fauna and physical environment, whose voices we cannot hear, but who are affected by anthropogenic impacts of global population. The future generation is another important group of stakeholders that does not exist today but will be impacted by our activities.....”*

Jubilant Organosys Limited, Corporate Sustainability Report, FY 2007  
([www.karmayog.org/redirect/stred.asp?docId=9955](http://www.karmayog.org/redirect/stred.asp?docId=9955))

(Jubilant Organosys, a pharmaceutical company, while acknowledging the harm caused in manufacturing its chemicals, actively works to minimise the damage. It is one of the 5 Indian companies that publish a Corporate Sustainability Report.)

## 7. Closing Statement

Enlightened businesses worldwide, small and large, have begun to realise that responsible practices enhance profitability & ensure long-term survival. For those which disrespect the environment or living beings, we, as responsible citizens, need to individually and collectively, reward or penalise them through our voices and our wallets.

Karmayog, on its part, has created a framework for comparing CSR across industries, & via the ratings has attempted to give a snapshot of the situation as it stands today. Karmayog has put together a comprehensive, one-of-it-kind resource section on CSR on the internet to enable companies and all stakeholders to understand and enhance CSR, thus improving the quality of life for all people.

## Contents of the CSR section in Karmayog at [www.karmayog.org/csr](http://www.karmayog.org/csr)

- **Karmayog view of Corporate Social Responsibility**
  - **Announcing the Karmayog CSR Ratings of India's top 500 companies**
    - [Note on the Karmayog Corporate Social Responsibility Ratings of India's 500 biggest companies](#)
    - [Annexure 1 to Note: Extract from Table of Karmayog CSR Rating of India's top 500 companies](#)
  - [Views of citizens / NGOs / corporates/ experts](#) -
- **Karmayog CSR Rating**
  - [Parameters of the Karmayog CSR Rating](#)
  - [Karmayog CSR Rating Of 500 Biggest Indian Companies](#) - (xls)
  - [Karmayog CSR Rating Of 500 Biggest Indian Companies](#) - (pdf)
  - [List of Companies from top 500 with 5/5, 4/5 & 3/5 Karmayog CSR Rating](#) - (xls)
  - [Sector-wise Extract from Compiled Table of Top 500 Companies](#) -
  - [Compiled Table of Locations \(Head offices & Regional offices\) of top 500 Companies in India](#) - (xls)
  - [Karmayog CSR Rating Of over 200 Other Indian Companies](#) - (pdf)
- **CSR Activities of Corporates**
  - [Details of CSR of the top 500 companies](#) -
  - [Details of CSR of Other Indian Companies](#) -
  - [CSR Opportunities offered by Corporates](#) -
- **Various International Guidelines / Standards / Principles for CSR**
  - [Standard Guidelines - International Finance Corporation - World Bank Group](#)
  - [Global Reporting Initiative \(GRI\) of the UN - Sustainability Reporting Guidelines](#)
  - [Other Guidelines / Principles for CSR](#)
  - [Related Documents on CSR](#) -
- **Newspaper & Magazine Articles about CSR**
  - [30 + Newspaper & Magazine Articles about CSR](#) -
- **Various CSR Websites /Organisations**
  - [10 + CSR Websites /Organisations](#) -

## About Karmayog

[www.karmayog.org](http://www.karmayog.org) is a unique free platform for concerned citizens - for social and civic issues - since June 2004.

Karmayog provides a networking platform for ordinary citizens and NGOs to engage with government organisations and media, as it believes that citizen's viewpoints are necessary for holistic and doable solutions for social and civic problems.



A Presentation on the Karmayog CSR Rating of India's top 500 Companies is available. We would be happy to make a presentation to institutions, associations & in public forums.

Contact for further details:

Vinay Somani

Tanya Mahajan

Sonam Chawla

Karmayog  
C/o Shri R.O.Somani Charitable Trust  
Shreeniwas House, 2<sup>nd</sup> Floor,  
H. Somani Marg,  
Fort, Mumbai 400 001  
Tel.: 022 – 22940109 / 22013535  
Email: [info@karmayog.org](mailto:info@karmayog.org)  
Website: [www.karmayog.org](http://www.karmayog.org)