

NEEL CHATTERJEE'S VIEWS ON CORPORATE SOCIAL RESPONSIBILITY - AN IDEA WHOSE TIME HAS COME -

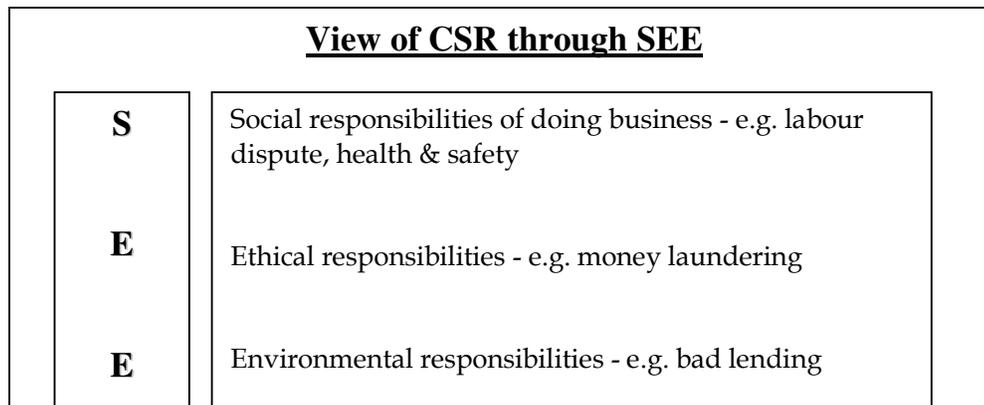
"Corporations best meet their moral obligations by obeying the law and by concentrating on profitability. Amorphous 'social improvement' programmes divert valuable resources from research, expansion and product improvements, which create jobs and raise living standards." Milton Friedman

Basic operating law...

The economic theory propounded by Milton Friedman rightly suggests that the law of conservation of wealth should be the guiding principle for any CSR programme. A company must plough back into society especially when it either starts earning enormous profits, or depleting the natural resources of the country or, when it is making the people poorer by its actions. Without ploughing back into the society it operates in, it would be impossible for the company to till the land again and again to reap profits.

In short, CSR is a company's way of giving back to the society.

CSR can be defined as business decisions linked to ethical values, compliance with legal requirements, respect for people, respect for communities and respect for the environment.



Responsible companies carefully consider their response to economic, environmental, and social issues. These can range from how an organisation selects and markets its products or services, manages and remunerates its employees, takes responsibility for its supply chain, interacts with local communities, and addresses environment health and safety and well being.

It is well recognised that people prefer to work for an ethical organisation - it gives them a sense of pride. Today, business graduate

/ post-graduate recruits enquire about the CSR policies of prospective employers during placement talks. This is also reflected in annual staff engagement survey's e.g. Standard Chartered Gallup's Q12, shows a clear link between its CSR stance and staff engagement.

Customer engagement and staff engagement is a leading indicator of business performance as they are very much a part of the company.

"It's better to go one mile in the right direction than five miles in the wrong one" - Anonymous

A coherent approach to CSR can provide opportunities to improve as well as enhance reputation and brand. Conversely, poorly planned CSR programmes can lead to business inefficiencies and increased risks of loss of stakeholder confidence.

Two companies whose CSR programmes have received worldwide acclaim are Barclays and Unilever. The below case examples prove that sound and demonstrable performance in relation to CSR policies and practices is a fundamental part of business success.

Barclays

- Investment in CSR: £32 million which equals one per cent of UK and Africa pre-tax profit
- Community: Well beyond simply giving money. Barclay's staff gives their time, energy and expertise to their local communities
- Policies: Strict guidelines to prohibit any transaction with pharmaceutical companies engaged in unethical animal experimentation
- Environment: Barclays reduced its UK CO₂ emissions by 10.2 per cent

Success stories

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Unilever

- Environment: Unilever's business depends upon healthy environment
- Managing supply chain: Sustainability initiatives focuses on issues that directly impacts their supply chain - Agriculture, Fish and Water
- Energy Conservation: 90 per cent of energy used in Unilever's Indian tea factories comes from renewable sources, compared with 14 per cent in 1999
- Metric based approach: Manufacturing units encouraged to use metrics like COD (Chemical, Oxygen demand)

Standard Chartered Bank is committed to its share of socially responsible programme notable among them are:

'Seeing Is Believing' is the bank's global programme running across

CSR practices at the Standard Chartered Bank (SCB)... the world – at a local level, in all the Standard Chartered companies in Asia, Africa and the Middle East. The programme pledges to raise funds to restore eyesight of 28,000 people through cataract operations – one for every member of staff working at the bank globally. The campaign idea germinated in 2002 when the bank donated funds to build a special wing in the Islamia Eye Hospital in Bangladesh. Standard Chartered has raised over US \$200,000 - enough for 15,000 operations (twice the number of staff) in India alone, while having already raised US \$1.5 million in other parts of the world. The global target of the bank has been revised to restore eyesight to 1,000,000 people in the next three years.

'Living with HIV/AIDS' SCB started this campaign in Africa in 2000 then called "Staying Alive", now renamed as "Living with HIV /AIDS". The main objectives of this campaign are to –

- Implement non-discriminatory policies, procedures and practices at Standard Chartered in managing those people who have HIV /AIDS
- Provide information and educate employees on HIV /AIDS
- Join forces with other organisations to counter the HIV /AIDS epidemic
- Institute a HIV / AIDS vision for the employees, families and communities linked to Standard Chartered Bank

By December 1, 2003, the 'World AIDS Day', the bank had cascaded training to its entire team strength of 28,000 staff members and trained champions on the subject, across all countries of its operations.

'The Mumbai Marathon' The city of Mumbai with its population of over 20 million came alive on February 15, 2004 with the Mumbai International Marathon. It witnessed over 20,000 runners and an involved participation of 200,000 people. This first year, without much effort, the bank raised Rs. 10 million for charity. SCB is confident of raising a figure 10 times more next year.

Some guidelines... From the bank's experience, it would be fair to suggest that an effective community partnership programme must be –

- Localised – as per the needs of the market
- Focussed – a company should not get into anything and everything, but must at all times exercise a practical approach while zeroing in on a CSR programme
- Sustainable – not be a one off event or flavour of the month
- Measurable – create value to make it measurable
- Recognisable – a proof to others of the good work being done

QUESTIONS AND ANSWERS

Is there a good time in the life cycle of an Neel Chatterjee replied that any time is a good time provided the company's programme springs from business reality. It could be in the form of simple things as sourcing of certain raw materials from an

organisation to start a CSR programme?

NGO, doing simple exercises for the vendors and so on.

SCB is majorly involved in doing work for the health care sector. Is this a part of their defined policy or have the problems been selected on the basis of the need of the society?

Neel Chatterjee said that it is a bit of both. SCB is an emerging markets bank and the real life issues of the customers of SCB are largely those of health. So there was no point for the bank to do something unrelated. The focus areas for SCB are youth, health and education.

(Excerpted from the presentation made by Neel Chatterjee, Regional Head, Corporate Affairs, Standard Chartered Bank, at PR Pundit's workshop, held in Delhi on March 23, 2004)