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Corporate Social Responsibility (CSR) Reporting

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Abstract: *The WBCSD defines Corporate Social Responsibility (CSR) as "the continuing commitment by business to contribute to economic development while improving the quality of life of the workforce and their families as well as of the community and society at large." As mentioned by United Nations Industrial Development Organization (UNIDO), "Corporate social responsibility is a management concept whereby companies integrate social and environmental concerns in their business operations and interactions with their stakeholders.*

Keywords: CSR

I. INTRODUCTION

1. What is CSR?

The WBCSD defines Corporate Social Responsibility (CSR) as "the continuing commitment by business to contribute to economic development while improving the quality of life of the workforce and their families as well as of the community and society at large." As mentioned by United Nations Industrial Development Organization (UNIDO), "Corporate social responsibility is a management concept whereby companies integrate social and environmental concerns in their business operations and interactions with their stakeholders. CSR is generally understood as being the way through which a company achieves a balance of economic, environmental and social imperatives ("Triple-Bottom-LineApproach"), while at the same time addressing the expectations of shareholders and stakeholders. "

2. CSR in India:

In India, the Companies Act, 2013 has introduced the idea of CSR to the forefront. The Ministry of Corporate Affairs, Government of India notified the Section 135 of the Companies Act, 2013 along with Companies (Corporate Social Responsibility Policy) Rules, 2014 "hereinafter CSR Rules" and other notifications related thereto which makes it mandatory (with effect from 1st April, 2014) for certain companies who fulfill the criteria as mentioned under Sub Section 1 of Section 135 to comply with the provisions relevant to Corporate Social Responsibility. As per the said section, the companies having Net worth of INR 500 crore or more; or Turnover of INR 1000 crore or more; or Net Profit of INR 5 crore or more during any financial year shall be required to constitute a Corporate Social Responsibility Committee of the Board "hereinafter CSR Committee" with effect from 1st April, 2014. The above provision requires every company having such prescribed Net worth or Turnover or Net Profit shall be covered within the ambit of CSR provisions. The section has used the word "companies" which connotes a wider meaning and shall include the foreign companies having branch or project offices in India.

3. What a company covered under CSR needs to do?

Once a company is covered under the ambit of the CSR, it shall be required to comply with the provisions of the CSR. The companies covered under the Sub section 1 of Section 135 shall be required to do the following activities:

I. As provided under Section 135(1) itself, the companies shall be required to constitute CSR average net profits of the company made during the three immediately preceding financial years, in pursuance of its Corporate Social Responsibility Policy. It has been clarified that the average net profits shall be calculated in accordance with the provisions of Section 198 of the Companies Act, 2013. Also, proviso to the Rule provide 3(1) of the CSR Rules that the net worth, turnover or net profit of a foreign company of the Act shall be computed in accordance with balance sheet and profit and loss Committee. The CSR Committee shall be comprised of 3 or more directors, out of which at least one director shall be an independent director.

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II. The Board's report shall disclose the compositions of the CSR Committee.
III. All such companies shall spend, in every financial year, at least two per cent of thAct of Parliament) account of such company prepared in accordance with the provisions of clause (a) of sub-section (1) of section 381 and section 198 of the Companies Act, 2013.

4. CSR Activities:
Activities may be included by the company in their CSR Policy as per Schedule VII of the Companies Act, 2013:
I.Eradicating extreme hunger and poverty;
II.Promotion of education;
III. Promoting gender equality and empowering women;
IV. Reducing child mortality and improving maternal health;
V. Combating HIV, AIDS, malaria and other diseases;
VI. Ensuring environmental sustainability;
VII. Employment enhancing vocational skills;
VIII. Social business projects;
IX. Contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government or the State Governments for socio-economic development and relief and funds for the welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women;
X. Such other matters as may be prescribed.

5. CSR Reporting:
Rule 8 of the CSR Rules provides that the companies, upon which the CSR Rules are applicable on or after 1st April, 2014 shall be required to incorporate in its Board's report an annual report on CSR containing the following particulars:
A brief outline of the company's CSR Policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs;
The composition of the CSR Committee;
Average net profit of the company for last three financial years;
Prescribed CSR Expenditure (2% of the amount of the net profit for the last 3 financial years);
Details of CSR Spent during the financial year;
In case the company has failed to spend the 2% of the average net profit of the last three financial year, reasons thereof;
A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the company.
The disclosure of contents of Corporate Social Responsibility Policy in the Board’s report

IMPORTANCE OF CSR

Corporate social responsibility (CSR) plays a major role in developing the economy of a country. It can be defined as the way in which a company manages various business entities to produce an impact on the society. Companies with high CSR standards are able to demonstrate their responsibilities to the stockholders,employees, customers, and the general public.business organizations that have high corporate social responsibility standards can attract staff thereby reducing employee turnover and cost of recruitment.what is the importance of corporate social responsibility. Anyone can give a clear answer to this question.Companies voluntarily contribute a large sum of money to make a better society and a clean environment.Corporate social responsibility is a process in which all companies come together as one and take part in the welfare of the society. many organizations conduct campaigns to create awareness among corporate, civic bodies,and government bodies about the importance of corporate social responsibility.any national and multinational firms are booming in various developing countries but at the same time,these countries suffer social challenges such as poverty,corruption,population growth,etc.Therefore it is important for all companies to strive together and adapt corporate social responsibility standards to make the society better than before. An organization can exhibit a better image in the society if it cares for its employees and involves them in social activities.The

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responsibilities of an organization may range from providing small donations to executing bigger projects for the welfare of the society. many business houses around the world show their commitment to corporate social responsibility?

what is the importance of corporate social responsibility?

The answer lies in two things.

1) organization understanding their role in developing

2)awareness among business houses, corporate bodies, and the people versatile,profitable, and dynamic businesses are the driving forces that build the economy of the country.we must remember that the growth of a country purely depends on the growth of the society and the people in the society.

BENEFITS OF CSR

Organizations of all sizes are rapidly discovering that Corporate SocialResponsibility (CSR) and sustainable business practices can foster improved green programs and overall environmental stewardship.

Today,we are seeing increased awareness and active participation by business professionals in the development of CSR policies.Organizations are increasingly

more involved in green initiatives by adopting sustainable processes and practices, adapting products and services to the low carbon economy and innovating in all areas of their business. The net positive on reducing waste,designing green buildings, implementing green operations and maintenance plans H all have continually proven to yield a positive return on investment(ROI).CSR has come to rely on a more comple@ set of factors than corporate governance alone,and likewise also depends on sustainable development,environmental impact and supply chain management.The development of the new carbon trading markets,verified emission reductions#ERs51 also known as carbon offsets, and renewable energy credits 3RECBs51 it has become easier for organizations to create and measure direct ROI from CSR. likewise, CSR efforts have shown to yield measurable returns in waste reduction, improved efficiency, diminished liabilities, improved community relations, and brand recognition.Through communicating clear and measurable sustainability objectives and the implementation of practical and equally functional corporate governance mechanisms,organizations are realizing that they can have a achieve ROI through their sustainability efforts.Integral strategies in ensuring substantive long"term results includeG

Define path of progress in CSR and strategically manage expected organizational outcomes

Ensure basic CSR values are culturally integrated across the organization

Adopt an effective engagement strategy with stakeholders to create buyer awareness and loyalt.

Properly map organizational objectives and critical success indicators withCSR performance metrics Innovative organizations that understand the value of CSR 4or2 to create a corporate culture in which each employee is committed to doing his or her part to improve the environment. According to $orrester Research,effective CSR and sustainability practices within large companies have been shown to contribute to a profit increase up to 35 percent.

Types of corporate social responsibility

CSR is generally categorized in four ways: environmental responsibility, ethical/human rights responsibility, philanthropic responsibility and economic responsibility. Here, we're going to examine each one.

1. **Environmental corporate responsibility**

Environmental responsibility refers to the organization's commitment to sustainability and environmentally friendly operations.

Every year, more companies are prioritizing sustainable practices, pledging to consider their environmental impact at every stage of business.

This can mean reducing the company's carbon footprint or greenhouse gas emissions, opting for sustainable resources by avoiding single-use plastics and keeping environmental aspects at the heart of all operations.

2. **Ethical/human rights social responsibility**

Ethical responsibility refers to a company's commitment to operate their business in an ethical manner that upholds human rights principles, such as fair treatment of all stakeholders, fair trade practices and equal pay.

To champion ethical responsibility, many businesses will speak up in the name of human rights injustices such as child labor, racial or gender discrimination and the fight for a higher minimum wage.
Much like with responsibility to the environment, there are ways to endorse ethics at your company by involving employees in the process.

3. **Philanthropic corporate responsibility**
Philanthropic responsibility refers to a corporation's aims, goals and objectives for actively bettering society as a whole. One huge aspect of corporate philanthropy is donating money from company earnings to worthy causes within the local community — often in the form of a trust or foundation.
These kinds of philanthropic efforts speak volumes to your public image as a business leader, which is crucial in today's world. There are several ways in which businesses can incorporate CSR in the form of philanthropy while engaging employees, including giving schemes with the potential for donation matching.

4**. Economic corporate responsibility**
Economic responsibility refers to the practice of making financial decisions based on a commitment to doing good.
Some common examples of economic responsibility include investing in alternative energy sources, putting more money into education programs and funding local charities as a way of bolstering their mission.
To uphold economic responsibility, business leaders are challenged to think past operational cost savings and instead put their obligation to corporate citizenship at the heart of all financial decisions.
Regardless of the type of CSR, consider how you'll measure your program's performance and impact. Watch The Social Impact Show to explore how.

Objective of Corporate Financial Reporting
The major objectives of financial reporting are as follows:
To provide information about financial performance (i.e. profit earned or loss incurred) of a company in conformity with the generally accepted accounting principles, accounting standards and the law during the reporting period.
To provide information about financial position (i.e. assets, liabilities, share capital and reserves and surplus) of a company in confirmity with the generally accepted accounting principles, accounting standards and the law as at the end of the reporting period.
To provide information about cash flows from operating, investing and financial activities of a company during the reporting period.
To provide information useful to present and potential investors, creditors and other users in making rational investment, credit and similar decisions.
To provide information on management accountability to judge management's effectiveness in utilising the resources and running a company. Management accountability includes safe keeping of assets entrusted, information about future activities, budgets, forecast financial statements, capital expenditure proposals, etc. Management accountability is beyond the company's legal responsibilities to shareholders, debenture holders and creditors.
To provide environment, social and governance (ESG) information. ESG information is important for understanding the long-term future and solvency of business similar to the number in the financial statements. A company's concerns about climate change, employee wellbeing, ethics, product safety sustainability, child labour, data security, etc. are highly relevant to decision makers.
To provide reliable information about economic resources and obligations of a company so that the users (i) can evaluate its strengths and weaknesses, (ii) know its financial and investment, (iii) can evaluate its ability to meet its commitments and (iv) show its resource base for growth.
To provide financial information for estimating earnings potential of a company.
To supply information useful for judging management's ability to company resources effectively in achieving the organization's goals.

Suggestion

Adopt a business code of ethics

A business code of ethics will outline employee conduct on issues such as ethics, values, environment, diversity, employee respect and customer service.

More and more entrepreneurs are choosing to go one step further by changing their governance document to include their commitment to social and environmental goals.

2. Follow a workplace health and safety program

Creating a clear workplace health and safety program will help you establish reliable systems to protect your employees and prevent accidents and injuries. It will also ensure you are compliant with government legislation on health and safety.

3. Commit to protecting the environment

Develop policies and practices that allow your company to fulfill your commitment to the environment. For example, you can consider producing a report that documents your activities and results as they relate to your environmental impact. Some companies produce broader "sustainability" reports, which encompass social, economic and environmental activities.

4. Get your suppliers on board

Ensure your suppliers know and meet your expectations of responsible behaviour regarding issues such as fair pricing, for example. Screen them to determine their past conduct, and tell them what you expect.

5. Be smart about donating money

Get behind causes that are meaningful for your business. A forestry business, for example, might choose to support organizations that protect the environment. Many manufacturing businesses donate to community organizations in towns where they have plants. The idea is to give back to society, while at the same time sending a message about the values of your brand.

6. Don't greenwash your business

Use marketing techniques that are fair and honest, and that reflect your company's integrity. Avoid any advertising or communication that could be seen as manipulative or harmful to the public. Make sure you walk the talk and that your company does what it says it does, otherwise your company could risk a customer backlash.

7. Explore B Corp certification

Many public and society-minded entrepreneurs are choosing to get B Corp certified. B Corps are certified "beneficial" companies. Their purpose is to create value for society as well as money. They meet high standards of transparency and accountability, and create positive social and environmental benefit.

Competitive Advantage and Corporate Social Responsibility

Governments, activists, and the media have become adept at holding companies to account for the social consequences of their activities. Myriad organizations rank companies on the performance of their corporate social responsibility (CSR), and, despite sometimes questionable methodologies, these rankings attract considerable publicity. As a result, CSR has emerged as an inescapable priority for business leaders in every country.Many companies have already done much to improve the social and environmental consequences of their activities, yet these efforts have not been nearly as productive as they could be for two reasons.1.

They pit business against society, when clearly the two are interdependent.2.

They pressure companies to think of corporate social responsibility in generic way instead of in the way most appropriate to each firms strategy.If, companies were to analyze their prospects for social responsibility using the same frameworks that guide their core business choices, they would discover that CSR can be much more than a cost, a constraint, or a charitable deed it can be a source of opportunity,innovation, and competitive advantage.

Mapping Social Opportunities

The interdependence of a company and society can be analyzed with the same tools used to analyze competitive position and develop strategy. In this way, the firm can focus its particularCSR activities to best effect. Rather than merely acting on well-intentioned impulses or reacting to outside pressure, the organization can set an affirmative CSR

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agenda that produces maximum social benefit as well as gains for the business.These two tools should be used in different ways.

II. CONCLUSION

In conclusion, corporate social responsibility can have significant economic benefits for countries. By attracting investment, improving the business environment, reducing business risks, and creating a more sustainable economy, CSR can help to promote economic growth and development. As such, it is important for companies to consider their social and environmental impact and engage in responsible business practices.Overall, CSR can be important for a country's economy by enhancing brand reputation, attracting investments, promoting innovation, reducing costs, and fostering social stability.