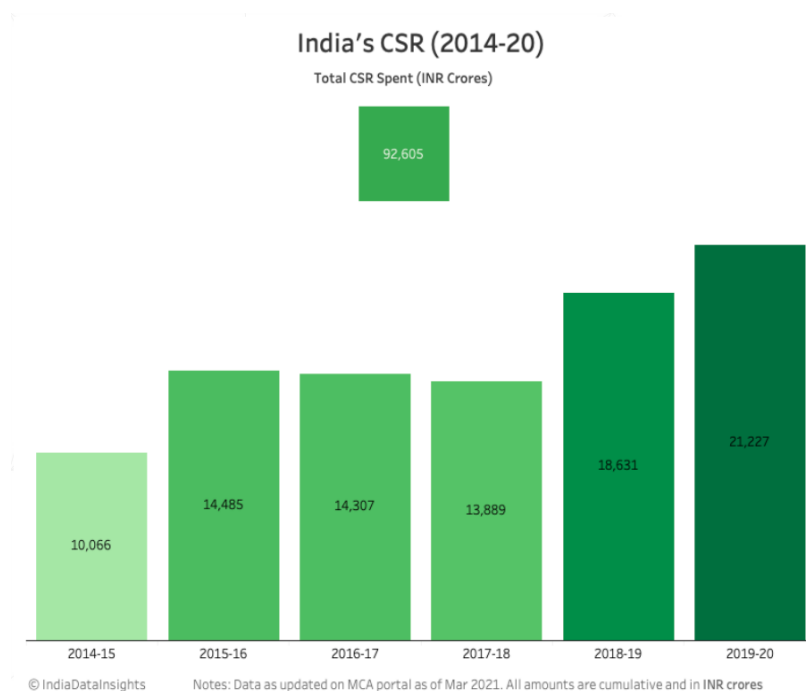


Exploring Synergies between CSR and Sustainability

India is one of the fastest-growing economies in the 21st century, with over 40,000 MNCs having offices in the sub-continent. Coupling with the effort of the government, this growth has been significant, and recent World Bank estimates suggest that the economy is expected to grow at a rate of 8.3%¹ in 2021 and 7.5% in 2022, despite COVID-19 slowing down the economy.



This economic growth is reflected in the ongoing development of infrastructure across the country, in not just metro cities like Bengaluru, Delhi or Mumbai, but also tier-2 cities like Surat, Hyderabad and Nagpur growing at an average of 8.6% per year.

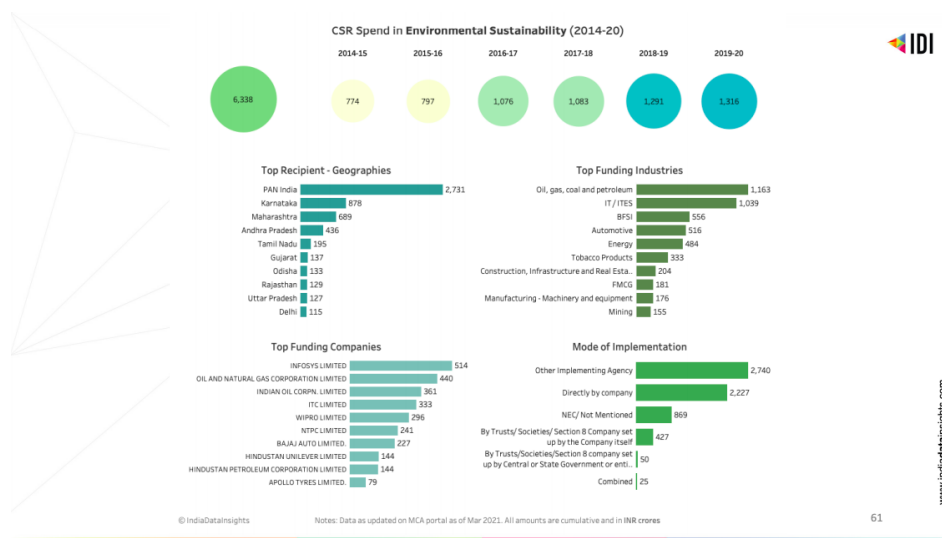
Corporates are playing a crucial role in the nation's development agenda. There have been examples of philanthropic contributions towards nation building, even before the idea was brought into a legal framework in 2014.

The CSR law was introduced as a statutory obligation under Section 135 of the Companies Act, 2013 for companies qualifying certain criteria. In the last six years, CSR spend has mor Source: India Data Insights

¹ World Bank. (2021). *GDP growth (annual %) - India*. Available: <https://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG?end=2020&locations=IN&start=1961&type=shaded&view=chart&year=2002>. Last accessed 27th Aug 2021.

doubled with 30,000+ companies spending a total of INR 92,605 Cr. across the country to support initiatives in education, healthcare, environment, rural development projects and more².

While large industries and businesses, with its high level of emissions, waste generation, water consumption and dependence on fossil fuels, have often been perceived as the primary contributor to GHGs (Greenhouse gases), it is also a shift in their overall business strategy and well-defined CSR portfolios that suggest, that they have spearheaded initiatives to reduce their impact on the environment.



CSR Spend on Environmental-focused Initiatives

Businesses have often driven programmes that reduce impact on the environment. However, the key drivers for such programmes have been operational efficiency, cost-effectiveness, and value orientation. With growing ESG interest, tighter regulations and investor focus, there is a demand for a closer watch on the impact of operations, products and running of facilities on the environment and social indicators. As an important parameter, the ESG frameworks also assess the contribution of business on the community’s overall wellbeing and building their resiliency. The latter is mostly driven as a part of their corporate social responsibility (CSR).

² India Data Insights. (2021). *6 years of CSR in India*. Available: <https://indiadatainsights.com/6-years-of-csr-in-india-inr-92605-crore-and-counting/>. Last accessed 27th Aug 2021.

Some key observations emerging on CSR spend on environment from the inception of CSR law

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- The environmental sustainability spend through CSR has consistently ranked 4th since 2016, having received INR 6338 Cr. in the past 6 years
- Programmes tagged pan-India have received the maximum funding of INR 2731 Cr., followed by Karnataka and Maharashtra, at INR 878 Cr. and INR 689 Cr. respectively
- In terms of sectors - oil and gas is the largest funder, having spent INR 1163 Cr. since 2014, with ONGC and Indian Oil Corporation being the most significant funders
- The IT sector is the second largest funder with INR 1,039 Cr. being spent on environmental programmes. Infosys and Wipro are the top two spenders, with budgets of INR 513 Cr. and INR 296 Cr. respectively.
- While the categorisation of spend under 'environment sustainability' can be clearly distinguished, there are additional sectors which also overlap with environmental projects, such as sanitation, safe drinking water, conservation of natural resources, agroforestry, Clean Ganga Fund, and Swachh Bharat Kosh among others
- BFSI is the top spender for projects under conservation of natural resources. The energy sector has spent the most on the Clean Ganga fund, with INR 164 Cr. and INR 29.64 Cr. spent the last six years.

Environment Projects Qualified as CSR Spend

There are many notable environment projects driven by companies, which qualify as CSR. It is however noteworthy to design programmes keeping a holistic view of the initiative in mind. Every project on environment should consider adoption from local communities as a success indicator, and in return provide for their socio-economic needs. Some broad-brush areas to consider while exploring environmental projects through CSR –

- Helping improve the green cover/ forest cover (reforestation/afforestation)
- Improving the local biodiversity
- Transition to green energy
- Promote sustainable agricultural practices
- Build awareness around water conservation and management
- Work towards adoption of waste management and recycling initiatives
- Drive projects leading to reduction in air pollution

Source: India Data Insights

Corporate Social Responsibility (CSR) and sustainability both focus on an organisation's efforts to contribute positively to environmental and social impact. They are therefore complementary and since, they are so closely entwined, it can be said that together, they demonstrate a company's commitment towards its stakeholders.

