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EVALUATING THE IMPACT OF CSR: HOW DO ORGANIZATIONS ASSESS AND DEMONSTRATE CSR'S FINANCIAL AND SOCIAL BENEFITS?

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ABSTRACT

Corporate Social Responsibility has been operating in a dynamic environment as a critical dimension of contemporary business strategy since time immemorial. CSR encompasses a variety of elements such as legal, technological, cultural, social and economic spheres. CSR has reflected a structural shift from profit-centric operations to morally driven, stakeholder-oriented governance. Since its inception, CSR has transformed from autonomous act of goodwill to societies' well-being and thus was able to serves as a nexus between business operations and societal expectations with growing global focus on social equity, environmental stewardship, and transparent governance. CSR has come a long way as historically, it began being a voluntary act to unquestionably and unconditionally aid society to fulfill their societal responsibilities. Various international regulations and frameworks have shaped CSR practices in consonance with human rights, labor ethics, equality and fairness, climate change and etc. In India, CSR has modified from a gratuitous humanitarian endeavor to a strategic imperative embedded framework under Section 135 of the Companies Act, 2013, compelling eligible companies to devote a portion of their net profits towards socially beneficial projects mentioned

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under Schedule VII of the Companies Act violating which, the companies have to face severe consequences and strict penalties. This paper reflects the paradigm shift from voluntary philanthropic gestures by the companies to mandatory frameworks implemented by the government. The paper illustrates how various companies contributed towards the well-being of the society and these concerted efforts of the companies were able to address contemporary issues with respect to society, economy, environment etc.

KEYWORDS: *Corporate Social Responsibility, Sustainability, Social Impact, Corporate Governance, Ethical Business Practices, Corporate Accountability*

INTRODUCTION

Since time immemorial, welfare of society has been one of the major concerns of the government and thus has made concerted efforts in economic, political, ethical, societal, cultural, legal and technological domains. One of the major initiatives that have been taken by the government is corporate social responsibility under the corporate sector which mandates companies to contribute a stipulated portion of their profit towards the welfare of the society. Thus Government through its legislative actions has implemented corporate social responsibility in 2013 under the Companies Act which mandates, organizations that surpass the legislative threshold to address social, environmental, economic concerns to support sustainable development and prioritize societal goals keeping profits and shareholders' demands in mind.

In India, CSR dates back to the time when Mahatma Gandhi had promoted the idea of "trusteeship" as an obligation of businesses to society. His philosophy envisioned a liberated India where there is enough to meet everyone's needs. According to him, since corporations are built and flourish by the society, they should remain in the public domain and must work towards the needs of the society at large and not just shareholders.[1] Motivated by this vision, Indian corporations created trusts and developed and managed educational, scientific, and technological institutions, including hospitals, colleges, and schools. Even after independence, this conception persisted to grow popularity.

[1] Gandhi's Theory of Trusteeship, available at https://www.mkgandhi.org/articles/Gandhis-theory-of-Trusteeship.php

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Independence intended to bring enthusiasm amongst corporations and with the implementation of the Indian Constitution which aimed to ensure "Justice-Social, Economic and Political, Liberty and Equality for all the citizens" social welfare was ensured. Moreover, various articles have been implemented which served as the cornerstone for development. The Directive Principles of State Policy provide specifics on the welfare state, i.e. Article 38 requires the Indian government to implement policies that ensure the welfare and social order of the Indian populace sufficient standard of living. The conception and execution of the five-year plans for socioeconomic Furthermore, Article 39 of the Indian Constitution, which requires the government to implement measures that prevent wealth concentration and give Indians a development, that sought growth with distributive fairness, were guided by these concepts.

In the present day, Companies are expected to contribute towards the welfare of the society, environmental sustainability, maintaining ethical standards and transparency. Corporate Social Responsibility (CSR) has thus transformed from a mere philanthropic efforts which are voluntary to a core business practice that regulates environmental, social, and governance (ESG) considerations. Companies' widened focus on societal benefits along with profit maximization reflects a growing awareness among stakeholders including employees, consumers, investors and etc. that makes businesses accountable and answerable.

WHAT IS CORPORATE SOCIAL RESPONSIBILITY?

Corporate social responsibility (CSR) enables an organization to be socially responsible towards its stakeholders, consumers, public, employees and itself and thus initiatives taken by the businesses benefits environment and society and shows positive effects on social, economic, and environmental aspects of society. CSR plays a imperative role in the advancement of the society through its concerted efforts towards environmental, social issues, education, healthcare, digitalization and etc. in the long run. CSR is a powerful instrument that not only evolves the society but also enhances company's reputation and goodwill. With an aim and betterment of the society, the CSR was mandated under Section 135 of the Companies Act 2013, which transformed it from a voluntary gesture of goodwill to an obligation for large enterprises.

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CSR is the practice of businesses that incorporate social and environmental concerns into their operations in addition to maximizing profits. By taking responsibility for their impact on a variety of stakeholders, it allows companies to positively impact society. CSR seeks to take responsibility for the businesses' impact on the welfare of the society, climate, education, health, environment sustainability and etc. CSR is a commercial practice that enables corporations to make tangible contributions to the betterment of society; it is not the same as charity or straightforward donations. CSR is used to access economic, social, and environmental objectives along with growth in business operations.

The Companies Act 2013 under Section 135 obliges the companies achieving certain thresholds to spend at least 2% of their average net profits from the preceding three years on CSR activities. The CSR activities are outlined under Schedule VII of the Act which includes areas such as health, education, and environmental sustainability. The Act aims to promote CSR as a statutory obligation rather than a voluntary initiative which ensures companies positive contribution towards social welfare. The threshold that the companies have to meet to come under the umbrella of CSR is:

- Net worth of Rs 500 crore or more
- Annual turnover of Rs 1,000 crore or more
- Net profit of Rs 5 crore or more[2]

CSR is a dynamic concept rather than a universal one and thus can be perceived and implemented differently by the businesses depending on their objectives, turnovers, values, demands of stakeholder's etc. changes are inevitable and thus CSR demand transformations and modifications according to the changing dynamics and needs of the society. Depending on the contemporary issues and demands of the society, CSR initiatives vary from supporting social causes, charity, community services, green practices, to ensuring ethical labor standards, and generating profit for shareholders and consumers simultaneously. With the coordinated efforts of the companies for the betterment of the society, CSR initiatives tend to retain ethical employees,

[2] Section 135 of Companies Act 2013 available at: https://www.indiacode.nic.in/showdata?actid=AC_CEN_22_29_00008_201318_1517807327856&sectionId=1326&sectionno=135&orderno=139

clients, investors, and partners for the long term by decreasing costs, managing risk, and increasing productivity and creativity. The success of CSR efforts greatly depends on concrete actions instead of superficially appealing gestures and thus also enables companies to enhance their brand reputation, goodwill, trustworthiness among consumers and employees, gain employee satisfaction, and etc. Overall, CSR is not just a trend but a crucial element of modern business practice that ensures sustainable growth while benefiting both the society and the company

TYPES OF CORPORATE SOCIAL RESPONSIBILITY

CSR is the voluntary commitment made by companies to support sustainable economic growth while enhancing the standard of living for their employees, their families, the local community, and society at large. Through various types of CSR, it addresses how business operations affect society, the environment, and the economy in addition to profit-making and legal requirements. CSR is viewed as a company's obligation to behave morally and responsibly while weighing the interests of its suppliers, customers, shareholders, employees, and the communities in which it operates. Various forms of CSR enable a number of procedures and ideas that businesses use to ensure social welfare, economic development, sustainable development, human rights protections etc. The forms of CSR can be categorized as:-

Environmental responsibility: Environment sustainability and climate preservation has been one of the major concerns for corporate sector in today’s time. Companies have minimized their environmental footprint due to rising concerns of climate degradation, biodiversity loss and depletion of natural resources and thus have shifted to eco-friendly practices, conserving energy, limiting wastes and reusing and recycling resources. Thus various businesses have aimed and pledged to reduce greenhouse gas emissions by committing to carbon neutrality or net-zero emissions goals and companies are looking to ensure that their products are sourced responsibly and with minimal environmental harm through the use of sustainable supply chains. A business can practice environmental stewardship by recycling materials, restocking natural resources like trees, lowering manufacturing pollution and emissions, or developing product lines that align with corporate social responsibility.

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Ethical responsibility: Organizations through their CSR initiatives not only work towards external environment but internal welfare as well. Fair and equitable treatment of all consumers, irrespective of age, color, culture, or sexual orientation, attractive employee compensation and benefits, vendor utilization across demographics, full disclosures, and investor openness are examples of ethical responsibility. Corporations have been following ethical code of conduct, to provide healthy working environment for their employees and thus have improved working conditions by providing fair and equitable remuneration, data protection, ethical practices and decision-making, fair retail practices, consumer protection, disclosure and accountability. Companies are increasingly being held accountable for corporate governance, including issues like executive compensation, board diversity, anti-corruption measures, and fair business practices. Investors and consumers are also increasingly prioritizing companies with strong CSR practices, making governance a key area of focus for organizations.

Philanthropic responsibility: Companies contribute to society through charities, donations and fundraising activities. Various organizations plan to address current concerns and communities through donations, altruism, and volunteers, which will assist society while also improving their market status and goodwill. Businesses' philanthropic endeavors can differ depending on how they operate, for instance, donations to the charitable organizations, charity towards the social causes that aligns with the beliefs of the company, donations for community upliftment, thoughtful investments in environmental sustainability, or volunteering for professional services through pro bono programs, etc.

Legal Responsibility: Companies are required to abide by the rules and laws that are relevant for CSR initiatives. Although legal compliance is frequently regarded as the standard for corporate behavior, corporate social responsibility (CSR) goes beyond this notion by making sure that businesses adhere to both the text and the spirit of the law. Laws governing labor, the environment, antitrust, and many other aspects of business conduct are all included in legal corporate social responsibility. For example adherence to national labor laws and international conventions regarding employee rights, such as minimum wage requirements, health and safety standards, and non-discrimination., environmental laws that regulate pollution, waste disposal,

and environmental protection, Data Privacy and Consumer Protection laws to ensure customer data is protected and that products or services meet safety and quality standards.

Human Rights Responsibility: The companies perform human rights responsibility to protect human rights both inside its supply chains and across its operations. Businesses are supposed to uphold and advance human rights, making sure that their operations don't support abuses, discrimination, or exploitation of such rights. For example, non-discrimination guarantees that all workers be treated fairly and equally, irrespective of their gender, color, and religion etc., Workers' Safety which guarantees employees' health and safe working environment, supplier chain transparency to make sure that there are no violations of human rights, child labor or forced labor, occurring in the company's supplier chain. Performing human rights responsibility not only works in favor of society but also upholds human rights which can significantly improve a company's reputation, strengthen its brand, and prevent legal or ethical conflicts.

CORPORATE SOCIAL RESPONSIBILITY STRATEGIES

CSR strategies refer to the initiatives taken by the companies for the welfare of the society as they not only empower the society and address the contemporary issues but also boost the development of the company thus these strategies are the essential components in the dynamic society that keeps on evolving. This potent instrument works wonders for the health of the economy as well as financial stability of the organization. These projects vary depending on societal demands and the company's goals. Several companies integrate their CSR programs with their long-term objectives. CSR contributes to enhance their relationship with stakeholder and build brand image thus typically designed to address various issues like environment sustainability, community issues, social development, labor issues, etc.

Various companies have been seen to work towards the alleviation of poverty and thus have taken stances to decrease poverty ratio in the country. Poverty has been one of the major concerns of the society and India since time immemorial has certain percentage of population under poverty line. Government has taken several steps to implement welfare programs to

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support individuals and families below poverty. Thus companies through CSR have taken initiatives for the improvement of impoverished regions.

Many companies use CSR to create job opportunities and provide stable employment, wages and benefits to enhance their financial position. Many companies invest in the training programs to provide valuable skills, literacy and monitoring programs to enhance their earning potential. Moreover, various companies have invested in small businesses and entrepreneurs or have provided micro finances and loans for their growth and expansion. Companies have not only improved their operations to reduce poverty, but they also prioritize education, which is the most crucial element in eradicating poverty and thus have provided scholarships and grants to provide financial support to improve their long term prospects. Furthermore, many companies have invested in infrastructure developments like schools, universities etc. and provided access to technology like internet connections etc. empowering the whole community which increases the probability of them fetching employment opportunities and reducing poverty.

Companies have also increased their role in improving the health sector of the country. Various companies have contributed towards the infrastructure by building and donating to hospitals, clinics, dispensaries, and various healthcare programs. Furthermore, they have also donated portion of their profits to medical charities, NGOs, treatments, etc. Companies sponsor in various health campaigns, literacy programs, and raise basic awareness about issues regarding vaccination, sanitation, diseases, and mental health awareness etc. Moreover, Companies also contribute to the progress of public health by funding research into novel illness treatments or cures, especially those in the pharmaceutical, biotechnology, and healthcare sectors. These companies also offer healthier product options like low fat and low sugar foods and beverages and even contribute towards the promotion of fitness regimes to encourage physical activities.

Similarly, the environment sustainability and climate preservation is another crucial element that has drawn attention globally. Various international treaties and agreements have been implemented to reduce environmental degradation. Environmental sustainability and corporate social responsibility (CSR) are closely related as companies realize how important it is to reduce their environmental impact and improve the earth. Businesses may lessen their adverse effects on the environment, promote sustainability, and leave a positive legacy by integrating

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environmental issues into their CSR plans. Sustainable development has been an important aspect for the well-being of the planet and thus various operations for conservation measures have been implemented. Companies have thus reduced water wastage and turned to water saving measures for water conservation and have promoted water efficient technologies. Moreover, companies have also shifted to recycling measures by minimizing packaging and using more recyclable, biodegradable and reusable resources. Companies have aligned their profit generation with sustainability and thus have started producing eco-friendly, repairable, durable products to ensure conservation of raw materials. Additionally, various companies have contributed to reduce carbon footprint and offset their carbon emission by focusing on various environmental projects like planting trees, adopting energy efficient equipment, upgraded facilities like adopting renewable energy sources like solar energy and wind energy etc. Moreover, various companies have motivated their employees to switch to electric vehicles and thus provided EV charging stations to reduce environmental impacts on transportation.

India has been through various social issues such as poverty, deteriorating health, gender inequality, women's empowerment, human rights, discrimination, untouchability, marginalized communities etc. Various companies have worked towards the social issues by partnering with NGOs, contributing to social change by raising awareness, sponsoring campaigns, infrastructural development, volunteerism and charitable programs etc. Many companies have focused on combating gender based violence by ensuring equal pay for equal work, equal career opportunities, eliminating discrimination based on gender based violence at workplace and further also protects women from gender based harassment. Various CSR initiatives have been implemented to ensure women's participation where companies have provided loans to women to start small businesses, flexible working hours, onsite childcare, parental leaves, maternity leaves, mentoring and awareness programs, scholarship programs for girls etc. Along with this, various companies have contributed towards the upliftment of the marginalized groups like LGBTQ, SC&ST, people with disabilities, indigenous population etc. by providing financial help, creating jobs, skill development, raising awareness, promoting health and well-being, anti-discriminative policies, inclusive workplace, removing societal barriers etc.

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CORPORATE SOCIAL RESPONSIBILITY AND LEGISLATIVE MEASURES

The key corporate statute in India since independence has been Companies act of 1956. The act provided the foundation for the shareholder model and ensured the operations of corporate sector were in compliance with legislative norms and upheld corporate governance. Furthermore, Securities and Exchange Board of India was established in 1988 and got legal status in 1992 under the SEBI Act which evidences a shareholder centric approach. The board was established to protect the shareholders against any illegal activity and to maximize the shareholder value. The Kumar Mangalam Birla Committee of 1999 on corporate governance involved the interest of all the stakeholders and it was the first time when non shareholders' interests were acknowledged. However, till 2004 companies act failed to include CSR obligations. In 2004, government drafted a comprehensive paper and modernized company law to ensure welfare of the society. It's pertinent to note that while the study considers the interests of non-shareholders, serious fines are only imposed for violating shareholder rights. CSR was conceived as an instrument for the overall growth and human development of the society and thus in 2009 Ministry of Corporate Affairs developed standards on CSR which were further modified in 2011. The guidelines were released with an aim to inculcate responsible business conduct and thus in 2019; the voluntary guidelines were aligned with the international standards like UNGP, SDGs, Paris Agreements, etc. to ensure corporate growth in a sustainable and effective manner and in compliance with international frameworks. In 2013, reformers were finally successful in getting legislation passed by Parliament. The Ministry of Corporate Affairs refused to give in to conflicting influences. The final version of the Companies Act of 2013 retained the mandatory CSR mandate included in section 135. CSR was implemented as provisions in the statute after the 21st Report of the Parliamentary Standing Committee on Finance which noted that the qualified firms are required by Section 135(4) of the Companies Act 2013 to provide a statutory disclosure of corporate social responsibility (CSR) in its Annual Report of the Board. The

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framework for such disclosure is specified in Rule 8 of the Companies (Corporate Social Responsibility Policy), Rules, 2014. [3]

Even though, initially, CSR was voluntary and thus transitioned after considerable debate, CSR was then added as a mandatory obligation wef 1st April 2014 and added under section 135 of the Act. CSR has changed the role of the organizations from being profit-oriented entities to fulfill societal responsibilities. Schedule VII of the act mentions the CSR activities to be undertaken by the company. These activities are: eradication of hunger, poverty, promoting health, sanitation, education, employment, gender equality, women empowerment, environment sustainability, protection and preservation of national heritage, rural and slum development projects, etc. Companies according to specified net worth, turnover and net profit are obligated to perform the CSR activities. The act mandates the companies to spend 2 percent of the average net profit earned in the immediately preceding year by the company. The net profit calculation, sometimes referred to as the management compensation calculation, is carried out in compliance with section 198 of the act.[4]

CSR provides multiple benefits to the society, environment and companies themselves. CSR is not only beneficial for the society but also enhances the reputation of the company and aids in attracting, retaining, and motivating the talent. A growing number of businesses are fully integrating CSR policies, practices, and programs into all aspects of their operations and procedures.

The act provides for the Constitution of the board consisting of three or more directors, out of which, at least one should be an independent director and the constitution of a committee to recommend CSR policies and indicating CSR requirements to be undertaken by the company that are mentioned under Schedule VII of the act. The following items and entries are mentioned under Schedule VII of the Companies Act, 2013, which deals with acceptable CSR activities and expenditures:

I. Encouraging proactive health care and sanitation, eliminating poverty, disease, and

[3] National CSR Portal, History, available at: https://www.csr.gov.in/content/csr/global/master/home/aboutcsr/history.html
[4] Section 198 in The Companies Act, 2013 available at https://indiankanoon.org/doc/140075142/

malnutrition, and granting access to clean drinkable water:

II. Initiatives to increase income and support education, skills to improve one's job, particularly for women, youth, elderly, and individuals with disabilities;

III. Highlighting gender equality, women empowerment, providing homes and hostels for women, children, orphans etc. and day care facilities and old age homes for the senior citizens.

IV. Preserving land, oxygen, and water purity while guaranteeing biological balance, animal welfare, environmental sustainability, wildlife and vegetation preservation, and agroforestry;

V. Supporting and advancing traditional crafts and arts, safeguarding the country's cultural heritage through the establishment of public libraries, the restoration of old buildings, artwork, and locations.

VI. Measures taken to assist combat widows, military heroes, and their families.

VII. Promoting training for Olympic, Paralympic, and state sports or national sports; Contributions to the Prime Minister's National Assistance Fund and any other funds established by the Central Government for the welfare, support, and social advancement of women, minorities, and other underprivileged groups

VIII. Contributions or funding provided to technology centers in scholastic institutions approved by the Central Government

IX. Initiatives to promote rural development[5]

The act also provides the companies to transfer the unspent CSR amount to special account opened by the companies in any Scheduled bank. The account shall be opened within thirty days from the end of the financial year and to be called the Unspent Corporate Social Responsibility Account. Moreover, such amount shall be spent within three financial years from the date of such transfer towards CSR activities mentioned under Schedule VII and failing which, the

[5] Companies Act – Schedule VII available at https://ca2013.com/schedule/schedule7-3/

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amount shall be transferred to a Fund specified in Schedule VII, within thirty days from the date of completion of the third financial year. The act provides the penalty if the company fails to comply with the provision and shall attract the penalty twice the amount required to be transferred for CSR to designated account, or one crore rupees, whichever is less and every officer in default shall be liable to pay one-tenth of the amount required to be transferred or two lakh rupees, whichever is less as penalty.[6]

Furthermore, legal frameworks for CSR in India face significant challenges and criticism which hampers its effectiveness and impact. Companies face primary issues in the implementation and identifying the impactful projects that align with both company goals and societal obligations which can be challenging due to ambiguities in guidelines and a lack of clear project categorization. The lack of tax incentives for CSR spending is another key challenge is as CSR expenses are generally non-deductible under Income Tax Act, except in certain cases. Furthermore, even though transparency has been improved which allows public access to CSR records; there is still limited independent or third-party auditing of CSR activities which makes monitoring and reporting a significant hurdle to CSR effectiveness which makes it challenging to hold companies accountable for CSR spending that might lack substantial social impact.

Various judicial pronouncements have further widened the scope of CSR. In the case of *Bilfinger Neo Structo Pvt. v. NCLT*[7], the company in this case has violated the CSR provisions under Companies law 2013 and failed to explain the reasons for non-spending. The companies are required to disclose the reason of non- spending towards CSR. However, it was later discovered that the company has disclosed the reasons and thus no fault of the company was recorded, hence, no compounding fee needs to be imposed on the alleged defaulters. [8]

In another case of Alok Pharmaceuticals and Industrial Company Private Ltd.[9] application was filed by the registrar of the companies as the company violated provisions of CSR under Section 134 of the act and further failed to provide accurate explanations for non-spending of the CSR

[6] Section 135 in The Companies Act, 2013 available at https://indiankanoon.org/doc/120906957/
[7] C.P/2018
[8] *Bilfinger Neo Structo Pvt. V. NCLT,* available at: https://www.casemine.com/judgement/in/5c8911859eff430a5799bc6d
[9] 2018 SCC OnLine NCLT 28915, C.P. No.– 396/441/ND/2018

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amount in the report and thus observed that compounding of offence can be done under Section 441 of the act.

In the recent case of *Technicolor India (P.) Ltd. v. Registrar Of Companies*[10], the company was found to spent less than the limit preferred under section 135 of the act and the reasons were inaccurately mentioned in the company's report. Thus the court permitted the organization to file compounding under section 441 of the act and granted the company's request to reconsider its report.

CORPORATE SOCIAL RESPONSIBILITY AND INTERNATIONAL SCENARIO

With the tremendous growth in the economy, businesses started achieving new heights and began expanding their operations globally expecting to align CSR strategies with international standards and ethical considerations. Various international regulations and frameworks have shaped CSR practices. Various frameworks like OECD guidelines, UN Global Compact, SDGs, MDGs, and etc. enables companies to align their operations in the areas of human rights, labor, environment, and anti-corruption etc. Various internationally recognized rules, principles, concepts provide guidance on CSR. [11]

UNGC has been proved to be one of the most important guiding principles for the implementation of CSR initiatives globally. The principles under UNGC have been derived from various UN conventions such as the Universal Declaration of Human Rights, ILO's Declaration on work ethics, the Rio Declaration, and the UN Convention against Corruption with the objective to mainstream the adoption of CSR policies by businesses globally.

Furthermore, the OECD criteria for Multinational Enterprises give further information on the norms and criteria that multinational firms should follow when conducting business ethically. Employment, human rights, the environment, information disclosure, corruption prevention,

[10] 2020 (7) TMI 423
[11] International Frameworks of CSR and Sustainability, Global Compact, OECD, Caux Round Table, available at: https://theintactone.com/2018/05/05/csr-u3-topic-2-international-frameworks-of-csr-and-sustainability-global-compact-oecd-caux-round-table/#goog_rewarded

consumer interests, research and technology, competitiveness, and taxation are among the issues discussed. In addition to offering procedures for resolving issues between businesses and communities or persons harmed by company activities, they often include specified standards for socially and environmentally responsible corporate activity.[12]

Moreover, in 1983 United Nation set up a commission for the environmental sustainability which emphasized on international collaboration with businesses to protect environment against degradation and deterioration. Subsequently, various issues regarding sustainable development are discussed in UN conference on Environment and Development also known as Rio de Jeneiro, Brazil in 1992. Moreover, WCED discussed sustainable development in 1998 and the significance of CSR initiatives was reaffirmed as the ongoing dedication of companies to act morally, support economic growth, and enhance the standard of living for employees, local community and society at large.[13]

Furthermore, in 2000 MDGs were adopted with eight goals including poverty, hunger, illiteracy, health and sanitation, discrimination against women etc. The goals were established to ensure sustainable environment, poverty eradication, women empowerment, and etc. both at nationally and globally. However, in 2007, various positive and negative impacts were recorded and thus in 2015, Sustainable Development Goals (SDGs) with 17 goals were adopted in September 2015 at UN summit and came into force on 1st January 2016. SDGs focused on the concentrated efforts towards sustainability, economic growth, social inclusion, education, discriminations etc. The goals were designed for the societal well-being, eradication of poverty, promoting health and education, environmental sustainability etc. It also calls for integrated management of ecosystems and natural resources. All these goals are later aligned to the CSR initiatives that the companies shall adopt for the development of the society which are also according to the international standards. [14]

SDGs and CSR both aim to solve economic and environmental issues to create sustainable future. SDGs serve as guiding principles for the CSR to formulate policies and agendas to

[12]International frameworks: guides for global business, available at: https://www.csr-in-deutschland.de/EN/CSR/Background/International-Frameworks/international-frameworks.html
[13] Sustainability (World Commission on Environment and Development Definition), available at: https://link.springer.com/referenceworkentry/10.1007/978-3-642-28036-8_531
[14] MDGs Vs SDGs: 17 Differences, available at https://publichealthnotes.com/mdgs-vs-sdgs-17-differences/

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prioritize nation's development. Governments, companies, civil society organizations, and local communities must collaborate to achieve the SDGs. To increase the efficacy and sustainability of their programs, businesses that are interested in corporate social responsibility (CSR) might work with various stakeholders, such as government agencies, NGOs, and community groups. [15]

Along with MDGs and SDGs, various agreements have been formulated to work on climate change. The Paris Agreement (2015) was implemented to set the global policies and agendas for environment sustainability, reducing greenhouse gas emissions, combating climate change, balancing extreme weather events etc. Moreover, various corporations have adopted practices to minimize their environmental impact and emphasize on recycling, reducing waste, and reusing materials to promote sustainability. Moreover, various international companies have set targets for Net Zero emissions and committed to reduce their carbon footprints through renewable energy and carbon offset projects. Moreover, the United Nations Climate Change Conference, which was held in Paris, France 2015, marked a global agreement on climate change, popularly known as the "Paris Agreement" was negotiated and finalized at this conference wherein the parties sought to pursue efforts to limit temperature increase to 1.5 degree centigrade. The participating countries were required to adopt it within their legal system and sign the agreement in New York between 22 April 2016 (Earth Day) and 21st April 2017.[16]

Furthermore, ensuring the ethical labor rights, particularly in developing countries, is central to CSR. Various countries have stringent labor laws that provide legislations regarding child labor, safe working condition, equality, women's rights, equal wages etc. Through CSR, companies are expected to uphold international labor standards such as those outlined by the International Labour Organization (ILO) and take proactive steps to protect workers' rights.

Health has also been an important concern at the international level. CSR practices have been extended in the health sector majorly after the rise of COVID-19 pandemic. Companies have contributed towards global health efforts through donations, manufacturing protective equipment, or supporting vaccine distribution in developing countries etc. Beyond health, CSR

[15] Aligning Sustainable Development Goals and Corporate Social Responsibility in India – CSR, available at: https://www.csrcares.in/aligning-sustainable-development-goals-and-corporate-social-responsibility-in-india/
[16] Key aspects of the Paris Agreement, available at: https://unfccc.int/most-requested/key-aspects-of-the-paris-agreement

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also contributed towards social development initiatives such as education, poverty alleviation, and community development.

Furthermore various companies have aimed to target access to clean water, sanitation, and development of marginalized communities, slum and rural areas, philanthropic activities, supporting international NGOs and community development programs including funding disaster relief, education initiatives, or healthcare programs in regions affected by conflict, poverty, or environmental disasters. Additionally, efforts have also been undertaken to measure and report business action in order to gauge the CSR initiatives. However, reporting and monitoring must be trustworthy which improves company's reputation and enhance company's goals, mission, and ethical business practices. It aids in spearheading change and encourages discussions to raise awareness of sustainable practices.

CSR has evolved over time and thus various countries' laws have adopted the concept of CSR which either mandates or suggests the CSR initiatives to be undertaken by the organizations. Some examples of such countries are:-

UNITED KINGDOM

Corporate Social Responsibility in UK is not mentioned in a single legislation and is included in various legislations like Companies Act, Modern Slavery Act, Equality Act, Climate Change Act etc. Companies are required to comply with the legislative norms, non-adherence of which can lead to penalties and legal actions, however, numerous voluntary behaviors are motivated by reputational consideration, expectations of stakeholders etc. Although, CSR is not explicitly mentioned in the legislations however it implies that companies shall contribute a percentage of their profit towards social welfare. Companies having annual revenue of £36 million or more are required by the UK Modern Slavery Act to report their efforts to remove human trafficking and slavery from their supply chains. Additionally, the Climate Change Act mandates that businesses disclose environmental information, including greenhouse gas emissions and their efforts to lower their carbon impact. Businesses are also subject to stringent anti-bribery requirements under the Bribery Act of 2010, which mandates that they put in place suitable measures to stop

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bribery in their activities. Last but not least, companies are required by the Equality Act 2010 to advance equality and stop workplace discrimination. [17]

UNITED STATES OF AMERICA

CSR in USA has been through various evolutions from philanthropic activities to strategic activities. However, CSR has not been mentioned under the legislation as a mandatory obligation but remained predominantly voluntary. Thus companies are not mandatorily obligated to perform CSR activities and thus undertake their CSR initiatives to align with their values and consumer expectations. Even though corporate social responsibility (CSR) is mostly optional in the United States, a number of laws and organizations are essential in encouraging ethical business practices. The U.S. Bureau of Economic and Business Affairs (EB) actively work for anti-corruption, human rights and development, and sustainable development. [18]

INTERNATIONAL EFFORTS FOR CORPORATE SOCIAL RESPONSIBILITY

Certain examples of CSR at international level are:[19]

- MICROSOFT: Microsoft has offered to provide technology, digital inclusion and resources to the communities that are underserved. The company has pledged to be carbon negative by 2030 and to reduce all of its carbon emissions by 2050.
- PATAGONIA: Patagonia began its initiatives for environmental sustainability and motivates customers through its worn wear programs to buy used items and thus known for its environmental activism. Its commitment to sustainability is also reflected in its supply chain practices, ensuring fair and ethical labor practices and eco-friendly methods.

[17] Corporate Social Responsibility: How Businesses Can Make A Difference, available at https://lawhive.co.uk/knowledge-hub/corporate/corporate-social-responsibility-how-businesses-can-make-a-difference/

[18] Top Companies for CSR in The United States of America, available at https://thecsrjournal.in/csr-usa-united-states-of-america-corporate-social-responsibility/

[19] Leading Companies Shaping the CSR Landscape with Remarkable Impact, available at https://www.goodera.com/blog/corporate-social-responsibility-examples

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- COCA-COAL: The Company has taken various initiatives towards ESG, women empowerment, water conservation, and sustainability and thus products produced by them are recyclable.
- UNILEVER: Unilever's Sustainable Living Plan works to decrease company's environmental footprint, enhancing livelihoods and healthcare and well-being. The company has committed to source agricultural raw materials sustainably, and its brands like Dove and Ben & Jerry's support, human rights, environmental conservation and etc.
- GOOGLE- since 2007 Google has been carbon neutral and is a prime example of a business with effective CSR initiatives. By 2030, they committed to run on carbon-free energy, technological advancements, and achieve net-zero emissions. Since 2015, employees have contributed towards COVID-19 assistance and advancing racial justice.
- NETFLIX- The platform has supported and aims to provide the development of new entertainment opportunities for underrepresented areas by providing digital accessibility.
- IKEA: IKEA is immensely invested in environment sustainability, energy-efficient manufacturing processes, efficient use of renewable energy, and recycling. The company has also contributed to support refugees, education, and global livelihoods through partnerships with organizations like UNHCR and Save the Children.
- APPLE- Achieving the highest social responsibility standards throughout its global supply chain is the goal of Apple's CSR program. Apple's 2022 Report highlights the company's goal of using solely recycled or renewable materials and committing to having all of its products be carbon neutral by 2030.
- AMAZON- With a strong commitment to sustainability, DE&I, and ERG, Amazon aims to promote socially conscious shopping. To strengthen internal networks that have a positive influence on local communities, Amazon has 13 affinity groups (ERGs). Their $2 billion Climate Pledge Fund supports their low-carbon economy, and they plan to reach NET zero carbon emissions by 2040 and run entirely on renewable energy by 2050.
- RELIANCE INDUSTRIES LIMITED- In FY 20-21, the company spent a portion of its profits on the promotion of education by providing scholarships and infrastructure facilities. Reliance through its initiatives has offered quality education, skill development to raise standards of living and livelihoods. Furthermore, various schemes like the Dhirubhai Ambani Scholarship (DAS) Program; Reliance Dhirubhai Ambani Protsaham

Scheme were implemented to empower young children and proving them opportunities become future leaders.

- TATA CONSULTANCY SERVICES LIMITED- TCS company has contributed towards the funds for combating COVID 19, providing quarantined centers etc. and apart from that, the company has also worked towards the promotion of education, healthcare etc. Moreover, Tata Steel has been one of the leading corporate sponsors of Indian sports. Through its academies and grassroots feeder centers, the organization has continuously contributed to the development and upbringing of professional athletes.
- NTPC LIMITED: Owned by the Ministry of Power, NTPC Limited is an Indian statutory corporation. In FY 20-21, it exceeded the recommended amount of Rs. 278.57 by spending Rs. 418.87 crores on CSR programs. The company has contributed major portion of its budget towards education and healthcare and has also worked for environment sustainability disaster management, sports, rural development, and etc.
- INFOSYS LIMITED - The Company has worked for Comprehensive community development, preservation of heritage, military assistance, and sustainable development. The company has also provided imperative healthcare facilities and supplies during COVID-19 and provided financial support to various hospitals through infrastructural aids. Additionally, Infosys has undertaken measures to reduce its carbon footprint by adopting renewable energy and energy-efficient technologies.
- WIPRO LIMITED - In FY 20–21, Wipro Limited invested Rs. 251.19 crores on CSR projects. The business donated to education for the poor during the previous fiscal year. The company provided support to various underprivileged communities with respect to education, including school enrollment, child nutrition, parent counseling, remedial education, and more. These kids come from some of our society's most disadvantaged populations, including migrant labor families, HIV-affected families, urban slums, and street kids. They also made contributions to the cause of education for kids with disabilities. [20]

[20] Top 50 Companies in CSR Activities Funding in India, available at: https://csrbox.org/Impact/description/Article_full_Top-50-Companies-in-CSR-Activities-Funding-in-India_36

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CONCLUSION

CSR has become a crucial part of business strategy since its inception. Earlier companies were confined to earning profit; however, with increasing interconnectedness, changing dynamics, various initiatives have been taken by the government. Corporate social responsibility obligates the companies to spend certain amount of their profit towards the betterment and advancement of the society. CSR reflects that businesses must balance their pursuit of economic goals with efforts to address critical societal challenges such as poverty, inequality, climate change, human rights, education, and public health. Companies play transformative role by not only focusing on profit maximization but also contributing towards the well-being of the society at large. CSR initiatives not only work towards the societal needs but also build credibility and strengthen corporate reputation. Moreover, CSR drives innovation, long-term value creation, reduce wastage; improves efficiency, and designs products and services that align with environmental and social goals. CSR, in India has been mandated under Companies Act 2013 and additionally CSR aligns closely with international frameworks such as the United Nations Sustainable Development Goals (SDGs), the Paris Agreement, and the UN Global Compact. These initiatives provide guidance for businesses to act as responsible global citizens and collaborate in addressing issues that affect humanity as a whole.