
A STUDY ON ENVIRONMENTAL STEWARDSHIP 30 BOMBAY STOCK EXCHANGE SENSEX COMPANIES

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Abstract

Corporate social responsibility (CSR) and Sustainable Development is the responsibility of an organization towards the society and the environment, while sustainable development means meeting the needs of the society within the ecological limits of the planet and without compromising the ability of future generation. Indian Government has mandated the corporate to spend on CSR compulsorily as per the company's act 2013 to ensure that they contribute to the society to safe guard the general environment degradation both ecological and social. As a result of mandated CSR, it is expected that firms will address environmental concerns which may ensure environmental sustainability. In this context it is important to study how corporate taking this initiative seriously in addressing the environmental issues as each and every organization does lot of damage to the environment in different ways. In this study an effort has been made to analyze the CSR spending by the corporate in addressing the environmental stewardship. For this the CSR spending during the years of FY16, FY17 FY18 by 30 Companies contributing to the Bombay Stock Exchange Sensex have been taken up for analysis considering the diverse sectors included in the Sensex for their spending focus on Environmental Stewardship with the importance of protecting the environment for the future generation to live safely. As these companies are public limited companies the data on their CSR spending are taken from the data published in the public domain. Data analysis will provide the insight on their spending pattern on social and environmental category and their implications. Finally concluded with the observation on the current status and suggestion for any improvement.

Keywords: Environmental stewardship, environmental sustainability, Bombay Stock Exchange Sensex, corporate social responsibility.

INTRODCUTION

1.1 CSR Global View

Corporate social responsibility (CSR) has many definitions mainly focusing on the impact that business have on the society at large and social expectations from them. Although the roots of the CSR lie in the philanthropic activities such as donation, charity, relief work of the corporations, globally the concept of CSR has evolved and now encompasses all related concepts such as corporate citizenship, philanthropy, shared value, corporate sustainability and business responsibility.

The European Commission defines CSR as “the responsibility of enterprises for their impacts on society”. To completely meet their social responsibility enterprises should have in place a process to integrate social, environmental ethical human rights and consumer concerns into their business operations and core strategy in close collaboration with their shareholders”

UNIDO provides the definition as, “Corporate social responsibility is a management concept where by companies integrate social and environmental concerns in their business operations and interactions with the stake holders. CSR is generally understood as being the way through which a company achieves a balance of economical, environmental and social imperatives.

From the many definitions it has been put forward as follows

- The CSR approach is holistic and integrated with the core business strategy for addressing social and environmental impacts of businesses.
- CSR should address the wellbeing of the all the stake holders and not just the company shareholders only.
- Philanthropic activities are only part of the CSR, which otherwise constitutes a much larger set of activities entailing strategic business benefits.

1.2 CSR Indian Context

In India traditionally been seen as a philanthropic activity. The practice of CSR still remains within the philanthropic space, but has moved from institutional building to community development through various projects. The company act 2013 introduced by the government of India mandated CSR activities for some categories of companies with the list of activities eligible for CSR accountability.

It also emphasizing the company’s relationship with stake holders and integrating the CSR into their core operations. The draft rules suggest that CSR needs to go beyond communities and beyond the concept of philanthropy. It will be interesting to observe the ways in which this translate into action at the ground level and how the understanding of CSR is set to undergo a change.

1.3 CSR and Sustainable Development

Sustainability is derived from the concept of sustainable development which is defined by the Brundtland commission as “development that meets the needs of the present without compromising the ability of Future generations to meet their needs” Corporate Sustainability essentially refers to the role that companies can play in meeting the agenda of sustainable development and entails a balanced approach to economic progress and environmental stewardship. Under current situation where in the global warming increases the global surface temperature by 3°C to 6°C due to the heavy industrialization and the release of the toxic gases in the environment. Hence the sources of environmental degradation assume key importance and firms has been identified as one of the important stake holder influencing the environmental sustainability with their behavior.

Now a days many companies changed their views and approach in addressing the environmental sustainability. For example installation of solar panels for taking care of their energy consumption by many companies gives raise to reduced use of thermal power production. In this regard a study on the CSR spending by the highly valued from 30 Indian companies from different sectors representing the Bombay Stock exchange Sensex has been analyzed for the 3-year period of F16-F18 by averaging out their 3 years CSR spending on environmental sustainability activities and discuss on the actions taken by the companies with higher percentage of environmental spending.

This study will provide an insight on all the 30 companies’ status on how effectively they contribute to the Environmental Stewardship activities. Also identify top 10 companies contributing in terms of high percentage spent on Environmental Stewardship in their overall CSR spending and enumerate the key focus activities carried out by these companies.

2. REVIEW OF LITERATURE

WBCSD India Director, Joe Phelan, shares his views on the sustainability of environment in India and the role of business going forward. Business as usual cannot continue. The climate emergency, increasing social inequality and the mass extinction of animals and disruption of entire ecosystems are real and ready threats to our existence. It is the world's second-largest producer of food by calorie content, and home to the 10 fastest growing cities. India energy demand could double by 2040 with electricity demand potentially tripling as a result of increased appliance ownership and cooling needs. Businesses in India have a critical role to play in shaping these transformations to build India's competitiveness and inclusivity, and the opportunity to provide a low-carbon environment for growth that helps secure resilient livelihoods and profits. Companies that prioritize India's sustainable development in their growth strategies stand to benefit in the coming decade. In 2013, India became the first country in the world to make mandatory. Indian companies with net profits greater than approximately US\$700,000 must spend 2 percent of their profits on CSR activities. But pursuing CSR is much easier than using the three Ps — profit, people, and planet — to run a business's core operations and measure performance. And there's currently little pressure on business leaders to make this fundamental change in how they address sustainability.

Research Methodology

3.1 Research Questions

- a. How the corporates spend their CSR in terms of Social and Environmental aspects?
- b. Whether the corporates provide enough importance to the Environmental issues?
- c. How much percentage of CSR has been spent by leading corporates?
- d. Do the corporates justify their concern to the environment by the way of enough spending?

3.2 Objective of the Study

This study is intended to achieve the following objectives:

- a. To collect the data on the CSR spending by BSE Sensex 30 companies during the year 2016-18 for 3 years.
- b. To arrive and analyze the average spending by BSE Sensex Companies on Social and environmental aspects.
- c. To Segregate the companies in terms of percentage of spending on environmental in the order of highest to lowest level of spending.
- d. To understand how the top 10 companies have performed and their achievements

3.3 Hypothesis1. H01: All the 30 BSE Sensex companies have contributed to Environmental Sustainability from their CSR spending during the period of FY 16-18, 3 years Average.

H11: All the 30 BSE Sensex companies have not contributed to Environmental Sustainability from their CSR spending during the period of FY 16-18, 3 years Average

2. H02: At least 50% of the 30 BSE Sensex companies have spent min 15% of CSR Budget on Environmental Sustainability during the period of FY 16-18, 3 years Average.

H12: At least 50% of the 30 BSE Sensex companies have not spend min 15% of CSR Budget on Environmental Sustainability during the period of FY 16-18, 3 years Average.

3.4 Sample Design

This is a descriptive study analyzing the 3 years FY16- 18 environmental sustainability activity spending percentage against the overall spent by 30 Indian diversified companies contributing to the Bombay Stock

Exchange Sensex. These companies' status will provide a broader understanding on the level of corporates execution of environmental expenses. The data are taken from the public domain available in <https://csrbox.org> a private platform providing the details of each of the sub group wise spending by these 30 companies. The average of the 3 years from F16 to F18 is computed and tabulated for the sake categorization and analysis.

30 companies are grouped in to 3 groups viz, 1. Those contributing more than 15%. 2. Those who are contributing 1-15%. 3. Those who were not contributed to the Environmental Sustainability activities there by not reflecting the Environmental Stewardship CSR. Environmental spending focus areas by the of top 10 companies form the table were studied from the annual report of those companies.

4. DATA COLLECTION

Data on the CSR spending details of each of the 30 BSE Sensex company are collected form the csrbox.org platform which provides for all the listed companies.

Table 1.

CSR SPENDING BY 30 BSE SENSEX COMPANIES IN F16, 17 & 18 Average Amount in Crore					
S NO	Name of the company	F16 to F18 Average for 3 years	Social Activity Spending Amount in Crore	Environmental sustainability spending Amount IN Crore	Total
1	Asian Paints	F16 to F18 AvG for 3 years	40.96	5.45	46.41
2	Axis Bank	F16 to F18 AvG for 3 years	115.31	18.49	133.79
3	Bajaj Auto	F16 to F18 AvG for 3 years	78.71	20.44	99.15
5	Bajaj Finance	F16 to F18 AvG for 3 years	41.05	0.00	41.05
4	Bajaj Finserve	F16 to F18 AvG for 3 years	1.63	0.05	1.69
6	Bharti Airtel	F16 to F18 AvG for 3 years	26.24	0.00	26.24
7	HCL Technology	F16 to F18 AvG for 3 years	82.98	3.41	86.40
9	HDFC Bank Ltd	F16 to F18 AvG for 3 years	328.56	0.82	329.38
8	HDFC Ltd	F16 to F18 AvG for 3 years	163.35	1.99	165.35
10	HUL	F16 to F18 AvG for 3 years	93.72	19.53	113.26
11	ICICI Bank	F16 to F18 AvG for 3 years	147.69	0.61	148.30
12	Indusind Bank	F16 to F18 AvG for 3 years	24.46	4.16	28.62
13	Infosys	F16 to F18 AvG for 3 years	148.79	140.40	289.18
14	ITC	F16 to F18 AvG for 3 years	197.76	63.91	261.68
15	Kotak Mahindra Bank	F16 to F18 AvG for 3 years	23.97	1.03	25.00
16	L& T	F16 to F18 AvG for 3 years	96.99	4.41	101.40
17	M&M	F16 to F18 AvG for 3 years	78.88	7.48	86.36
18	Maruti Sizuki	F16 to F18 AvG for 3 years	116.81	0.00	116.81
19	NESTLE	F16 to F18 AvG for 3 years	30.10	0.52	30.62
20	NTPC	F16 to F18 AvG for 3 years	225.69	42.58	268.27
21	ONGC	F16 to F18 AvG for 3 years	301.33	49.57	350.90
22	Power Grid	F16 to F18 AvG for 3 years	171.04	8.35	179.39
23	Reliance	F16 to F18 AvG for 3 years	667.65	40.78	708.44
24	SBI	F16 to F18 AvG for 3 years	26.99	2.95	29.94
25	Sun Pharma	F16 to F18 AvG for 3 years	2.87	0.09	2.96
26	Tata Steel	F16 to F18 AvG for 3 years	235.82	3.63	239.45
27	TCS	F16 to F18 AvG for 3 years	307.49	1.51	309.00
28	Tech Mahindra	F16 to F18 AvG for 3 years	71.04	0.00	71.04
29	Titan	F16 to F18 AvG for 3 years	19.44	0.10	19.54
30	Ujtatech	F16 to F18 AvG for 3 years	58.54	1.68	60.22

Table 2.

CSR SPENDING BY 30 BSE SENSEX COMPANIES IN F16, F17 & F18 (Average in Percentage)					
S No.	Name of the Company	F16, F17 and F18 Average for 3 Years	% Spend on Social	% Spend on Environmental	Total Percentage CSR Spending
1	Infosys	F16-18 Avg	51.5	48.5	100.0
2	ITC	F16-18 Avg	75.6	24.4	100.0
3	Bajaj Auto	F16-18 Avg	79.4	20.6	100.0
4	HUL	F16-18 Avg	82.8	17.2	100.0
5	NTPC	F16-18 Avg	84.1	15.9	100.0
6	IndusInd Bank	F16-18 Avg	85.5	14.5	100.0
7	ONGC	F16-18 Avg	85.9	14.1	100.0
8	Axis Bank	F16-18 Avg	86.2	13.8	100.0
9	Asian Paints	F16-18 Avg	88.3	11.7	100.0
10	SBI	F16-18 Avg	90.1	9.9	100.0
11	M&M	F16-18 Avg	91.3	8.7	100.0
12	Reliance	F16-18 Avg	94.2	5.8	100.0
13	Power Grid	F16-18 Avg	95.3	4.7	100.0
14	L& T	F16-18 Avg	95.7	4.3	100.0
15	Kotak Mahindra Bank	F16-18 Avg	95.9	4.1	100.0
16	HCL Technology	F16-18 Avg	96.0	4.0	100.0
17	Bajaj Finserv	F16-18 Avg	96.8	3.2	100.0
18	Sun Pharma	F16-18 Avg	96.8	3.2	100.0
19	Ultratech	F16-18 Avg	97.2	2.8	100.0
20	NESTLE	F16-18 Avg	98.3	1.7	100.0
21	Tata Steel	F16-18 Avg	98.5	1.5	100.0
22	HDFC Ltd	F16-18 Avg	98.8	1.2	100.0
23	Titan	F16-18 Avg	99.5	0.5	100.0
24	TCS	F16-18 Avg	99.5	0.5	100.0
25	ICICI Bank	F16-18 Avg	99.6	0.4	100.0
26	HDFC Bank Ltd	F16-18 Avg	99.8	0.2	100.0
27	Bajaj Finance	F16-18 Avg	100.0	0.0	100.0
28	Bharti Airtel	F16-18 Avg	100.0	0.0	100.0
29	Maruti Suzuki	F16-18 Avg	100.0	0.0	100.0
30	Tech Mahindra	F16-18 Avg	100.0	0.0	100.0

BSE Sensex Companies spending more than 15 % on Environmental Sustainability- Average of 3 Years F16,17 &18

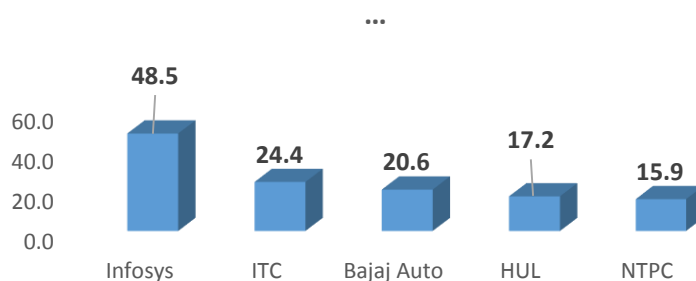


Figure 1. BSE Sensex companies having more than 15% environmental spending

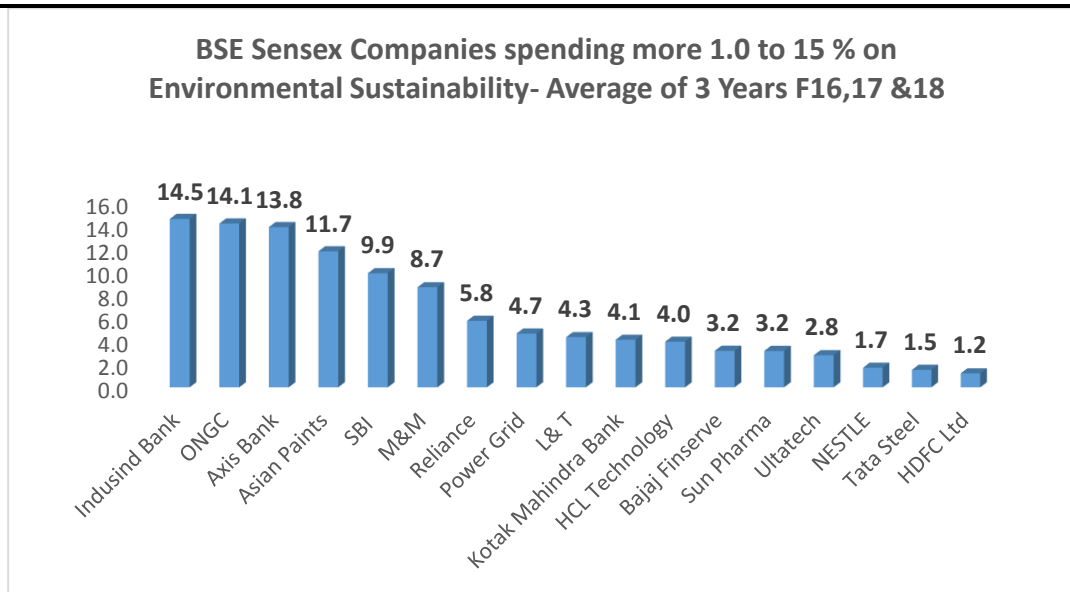


Figure 2. BSE Sensex companies having 1.0% to 15% environmental spending

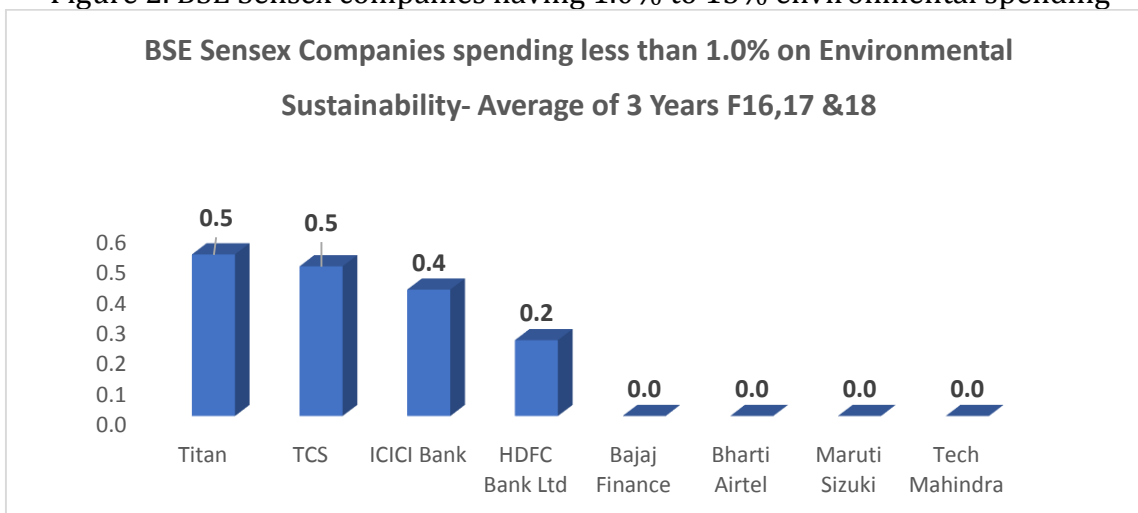


Figure 3. BSE Sensex companies having less than 1.0% environmental spending

While analyzing the money spent by these 30 companies on environmental sustainability towards their CSR mandate, it is observed the following as given in Figures 1, 2 and 3.

1. Companies > 15.0% - 5
2. 1 - 15% - 17
3. 0.0 - 1.0% - 8

4.1 Observation:

From the data collected and collaborated, the 1st hypothesis has been rejected that all BSE Sensex companies have not contributed to the Environmental Sustainability towards the CSR Budget (Table 1) Similarly the 2nd hypothesis is also rejected as only 16.7% of the companies have only contributed to more than 25% Environmental spending (Table 2).

In total out of 30 companies, 22 have contributed to the Environmental Sustainability which shows there is a change in the approach and orientation of the companies towards Environmental Stewardship. It is also important to note that 8 companies have shown spending <1% in environmental sustainability. From this we know that 26.66% of these 30 BSE Sensex companies themselves have not shown their inclination towards environmental stewardship.

More study can be done covering more no of companies to find their approach to understand the progress on the spending by companies to fulfill the company act 2013 mandate.

4.2 Key highlights on the actions taken by these top 10 companies in addressing and contributing to the environmental issues are given below.

1. Infosys Ltd:

- Received the 2019 UN Global Climate Action Awards (category: Climate Neutral Now); the only Indian company ever to win a UN climate award.
- Received 2020 Green Buildings Leadership Award by the US Green Building Council (USGBC)
- Received the UL ECOLOGO, an environmental product certification for our solar PV plant in Sira, Karnataka
- “Carbon neutrality of global operations achieved by Infosys Limited in accordance with PAS 2060 at 31 March 2020 with commitment to maintain up to 31 March 2030 for the period commencing 1 April 2019, KPMG certified”

2. ITC Limited:

- ITC's Businesses have targets for key performance indicators like specific energy consumption, specific greenhouse gas emissions, specific water intake, specific waste generation and so forth.
- Identification of energy conservation opportunities through rigorous third-party audits and subsequent implementation of viable recommendations.
- During 2017-18 Energy saved over 2016-17 levels 38.1 TJ
- 23.57 million kl of treated effluent was discharged outside the premises by ITC Units in FY 2017-18

3. Bajaj Auto:

- Bajaj Auto, in partnership with other Bajaj group companies, is supporting JBGVS in launching the Bajaj Water Conservation Project (BWCP) at Aurangabad. BWCP aims to cover an area of 21,500 ha over the next 4 years with JBGVS and looking for partner NGO to take up additional 44,000 ha under Bajaj Water Conservation Project.

4. Hindustan Unilever Limited:

HUL Key efforts taken in reducing the environmental impact and its achievements in 2019:

- CO2 Emissions reduced by 85%
- Water Usage reduced by 58%
- Total waste generated from factories reduced by 63%
- Over 59000 tons of plastic waste disposed in an environment friendly manner since 2018.
- Maintained the zero nonhazardous waste to landfill in all HUL factories and offices.
- 100% nonhazardous waste generated at our factories recycled in environmentally friendly ways.
- Share of renewable energy at our sites increased to 71% in 2019.

- Over 290 billion liters of water conservation potential created by Hindustan Unilever foundation partnership.

5. NTPC:

- Creating carbon sinks in line with INDC-2030 NTPC planted 10 million trees in FY16-17, adding to 22 million planted in past around its power stations.

6. IndusInd Bank:

Bank focus on the following environmental aspects.

- Affirmative Green & Impact Lending Portfolio
- GHG Emissions Intensity and E-footprint
- Participation in Green Indices
- Sustainable Procurement in Supply Chain
- 70% to 80% of vendors have ESG policies in place. Vendor sustainability assessments in place.

7. ONGC:

Open Defection Free Initiative:

- 33,662 nos. IHHL, 412 nos. school toilets and 43 nos. community toilets have been constructed across the country with an objective to facilitate declaration of ODF village.
- At Tripura, your company signed an agreement with the State Govt. for construction of 20833 dysfunction IHHL to help declare Tripura, an Open Defection Free State

Clean Himalayas Initiative:

ONGC is among the first company to have undertaken a cleaning initiative in the high mountain peak of Himalayas. In FY- 2018-19, nine cleaning initiatives/expeditions had been undertaken in partnership with Indian Mountaineering Foundation (IMF) and the teams succeeded in bringing down 130 tons of garbage for eco-friendly disposal.

Cleaning of Sabarmati River Bank:

A 5 km stretch of Sabarmati River in Ahmedabad has been completely cleaned by collecting 579 tons of garbage. It is planned to give a complete facelift to the area by planting 50000 saplings. The project is implemented with support from Dristi Foundation, Irrigation Department and Ahmedabad Municipal Corporation.

Bio-CNG Plant at Haridwar:

ONGC has undertaken a unique initiative in Haridwar to convert cow dung to useful fuel and value-added products by setting up Bio-CNG cum Fertilizer & Bottling Plant at Haridwar. The plant is being run by the largest Gaushala in Uttarakhand and is helping to maintain clean hygienic waste management in the Gaushala premises. It is facilitating availability of clean environment to the local population of Haridwar and also helping in protecting the fauna, that is, 2200 non-mulching cows at Gaushala by way of making the Gaushala self-sustaining from the revenue generated from the project. The plant is also producing organic solid and liquid fertilizers which are distributed among the local farmers thereby promoting organic farming.

8. Axis Bank:

- Initiatives on energy savings have resulted in a significant amount of energy savings in FY 18-19, avoiding 9,162.24 MT of GHG emissions.
- 110 KL of daily waste water and sewage recycled through sewage treatment plant into usable flushing water at Axis House, Mumbai.

9. Asian Paints:

- Water: In water management we believe, abundant and stable supply of clean water is the basic need of society. Water being an important resource, its conservation has become imperative. The approach would include providing support and infrastructure at each stage of water conservation, water preservation, and water re-charge and waste water treatment.

10. State Bank of India:

Supports the environmental degradation by adopting the following activities

Environmental Aspects: ▪ Lending at concessional rates for renewable energy projects with a focus on boosting investment ▪ Establishing Digital Banking platforms ▪ Implementing Energy Conservation & Energy Efficiency initiatives ▪ Reducing Greenhouse Gas (GHG) emissions ▪ Managing Waste Generation and Disposal (Hazardous and Non Hazardous) ▪ Reducing Paper Consumption ▪ Reducing Water consumption ▪ Adopting Environmental best practices, such as, establishing a robust environmental management system, installing mechanisms to harvest rainwater, setting up Solar ATMs across India, using LED lights across all the office building, composting waste and so forth wherever possible.

5. CONCLUSION

Corporate Social responsibility and Sustained development has been followed by different companies in different ways of spending like education, rural development, women upliftment, livelihood development, skill development, health care, promoting Arts & culture, sanitation, water conservation, water harvesting, afforestation, rural community development, drinking water facility, solar power, waste recycling, water purification, tree plantation and so forth. While all the social activities directly focusing on the society at large have contributed to the well-being of the people and their development, still there is a long way to go on the steps taken by all the companies in addressing the environmental issues which has much larger complications on the society in the future.

Environmental degradation has enormously started impacting the health and well-being of the people and society at large as the wealth created will be destroyed in combatting the health issues.

As only 16.7% of the BSE Sensex companies which are considered as leading companies with higher values have shown the importance of environmental sustainability by the way spending more than 15% of their CSR expenditure on Environment. It is important that more efforts are taken up by the government by changing the attitude of the corporates more towards environmental care than completing the targets of the CSR budget in other actions as every company has to contribute to saving the earth from degradation for sustainable development.

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