ETHICS AND CSR
THE STRATEGY DEBATE
SUSTAINABILITY
MANDATORY 2%
PHILANTHROPY

rahul bajaj rajashree birla kishor chaukar arun maira
harsh mariwala keki mistry rakesh bharti mittal
ajay piramal dileep ranjekar rita soni
SMART SUMMARY CSR is not a Western construct. It is not a textbook idea. In spite of this issue of The Smart Manager, it is not even a matter of intense, multi-party debate. When the dust settles, CSR is all about getting yourself—and your people—to act, and act purposively. A case study on what this three-letter gospel really means.

In the last two decades, India as a nation has been successful in pulling up a significant number of people from below the poverty line. Unfortunately, we still have quite a large number of our people living below the poverty line—that is less than US$1.25 a day. This is a problem. The Government of India has an ambitious vision for inclusive growth. There is the overwhelming challenge to improve the lives of the poor. However much it hurts, we have to reckon with the fact that we have the largest concentration of the poor in the world. Today more than ever it is necessary to look into societal
Apart from charities, GD Birla set up schools and temples—education is a great leveler, and temples a great unifier.

issues, and it behoves corporates to proactively partner with the government to see that inclusive growth happens.

At our Group, caring for the underserved is a legacy and an unwritten edict that has been followed by generation after generation.

in the shadow of the Mahatma

Ours is a 120 years-old organization, rooted in history. Our roots go back to the early 1900s and the nation’s struggle for freedom. It was during this formative period in history that the legendary Mr GD Birla, my grandfather-in-law, worked shoulder to shoulder with Mahatma Gandhi. While Mahatma Gandhi was passionately engaged in the political freedom of our nation, GD Birla worked with equal obsession for the economic liberation of India. They were thus two sides of the same coin. For more than 25 years, he supported Gandhiji’s nationalism with his financial strength.

There developed a special bond between the two—a bond that united them in the pursuit of a common cause, India’s freedom. Gandhiji looked upon my grandfather-in-law as his mentor and confidant. He always used to come and stay at our house in New Delhi. It was at the Birla House that on the 30th of January 1948, Mahatma Gandhi was assassinated by Nathuram Godse. Even though the void left by Gandhiji could not be filled, the legacy of his trusteeship concept lived on. This meant that a part of your profits should be ploughed back for the larger good of society. Apart from charities such as giving Rs 70,000 for the Aligarh Muslim University to Gandhiji or Rs 200,000 for the Harijans, or Rs 26 lac to Sardar Patel to set up Birla Vishwakarma Mahavidyalaya (BVM, Baroda), in 1946, GD Birla set up schools and temples. His reasoning was that education is a great leveler, and temples a great unifier.

the philosophy continues

My husband Adityaji fostered this philosophy, taking it a step further and moving his lens to include sustainable livelihood. My son Kumar Mangalam has a zealous, evangelical approach. He has made the philosophy of caring, giving, developing and empowering underserved people as part of our Group’s DNA. He feels we have a tremendous responsibility to give back to society, and to make a difference. This has raised the Aditya Birla name to a unique brand that is trusted, respected and admired by its multiple stakeholders.

institutionalizing the process: our structure

Over 14 years ago, we institutionalized the process of CSR, envisioned the road ahead and the way we wanted to string our activities cohesively as a group. And so spawned The Aditya Birla Centre for Community Initiatives and Rural Development, which I am privileged to lead. Mr Askan Agarwala, Dr Pragnya Ram and I form the apex team. The Centre is anchored by Dr Pragnya Ram, who is the Group Executive President, Corporate Communications & CSR. The CSR Heads of our major companies report to her. Below them is a team of 250 professionals spanning all our Group companies. They are further supported by a 2,500-strong field force operating at the village level. Like our businesses, the concept of performance management is ingrained in our CSR projects and measurement metrics woven in the goals of all the CSR heads, alongside the auditing of our work.

We have a clearly defined CSR policy. Our Board of Directors, our management, and all of our employees
subscribe to the philosophy of compassionate care and
to the upliftment of our rural societies. We believe that
a structured approach with well-defined objectives,
timelines, milestones and assessment is fundamental,
given that it contributes to a razor-sharp focus and
gauging the distance traversed.

our CSR vision
Our articulated vision is: ‘To actively contribute to the
social and economic development of the communities
in which we operate. In so doing build a better,
sustainable way of life for the weaker sections of society
and raise the human development index of our country.’
Our focus areas in the 3,000 villages that we are
engaged in are education; healthcare and family welfare;
sustainable livelihood encompassing agricultural and
watershed development and women empowerment
processes; infrastructure support and espousing social
causes. Our social vision is integrated into our business
vision. While we do not turn business into a cause,
we do ‘social cause marketing’. We turn it into a lever,
where the RoI or return on investment lies in the
transformation of a people’s lives as they are no longer
mired in poverty.

In education, our endeavor is to spark the desire for
learning and knowledge at every stage through formal
schools, balwadis (nurseries) for elementary education,
quality primary education, Aditya Bal Vidya Mandirs,
girl child education and adult education programs.

In healthcare, our goal is to render quality
healthcare facilities to people living in the villages and
elsewhere through our hospitals; primary health care
centers; mother and child care projects; immunization
programs with a thrust on polio eradication; healthcare
for the visually impaired and physically challenged;
preventive health through awareness programs.

Under sustainable livelihood, our programs aim
at providing livelihood in a locally appropriate and
environmentally sustainable manner through formation
of self-help groups for women empowerment;
vocational training through Aditya Birla Rural
Technology Parks; agriculture development and better
farmer focus; watershed development; partnership with
Industrial Training Institutes.

In infrastructure development, we endeavor to set up
essential services that form the foundation of sustainable
development through basic infrastructure facilities;
housing facilities; safe drinking water; sanitation and
hygiene; and renewable sources of energy.

To bring about social change, we advocate and
support dowry less marriage; widow remarriage;
awareness programs on anti-social issues; de-addiction
campaigns and programs; and espousing basic
moral values.

setting measurable targets with timeframes and
performance management
Prior to the commencement of projects, we carry out a
baseline study of the villages. The study encompasses
various parameters such as health indicators; literacy
levels; sustainable livelihood processes; population
data—both below and above the poverty line; the
state of infrastructure, among others. From the data
generated, a 1-year plan and a 5-year rolling plan are
developed for the holistic and integrated development
of the marginalized. These plans are presented at the
annual planning and budgeting meet. All projects are
assessed under the agreed strategy and are monitored
every quarter, measured against targets and budgets.
Wherever necessary, midcourse corrections
are affected.

Let me give you a sense of our work. Let me first
focus on education. We run 42 Schools, where 45,000
children are provided quality education. Of these,
18,000 children receive free education. We have enrolled
20,000 children at our balwadis. We reach out to more
than 29,000 people through our adult literacy and
bridge education programs. Over 8,000 students in the
villages are awarded merit scholarships. Nearly 20,000
students are enrolled at our vocational training centers.
Our Centres of Technology Excellence include Birla
Institute of Technology and Science (BITS), Pilani;
Water has been a perennial problem in India's villages, which are often plagued by droughts.

BITS, Dubai; BITS, Goa; and BITS, Hyderabad. From BITS, which is a premier, globally recognized institute, we get some of the best recruits for our companies. Over 10 years ago, to put Indian business success stories as case studies for global leaders in the making, we set up the Aditya Birla India Centre at London Business School. It is contributing not only to India’s image but ours as well.

To provide healthcare to the people, every year we conduct more than 3,500 medical camps, treating over 5 million patients for various ailments, such as AIDS, TB, cancer diagnosis, cataract and cleft-lips, among others. We have helped immunize 6 million children against polio in the last one year, sponsoring and managing 23,000 booths. We have also organized polio corrective surgery.

Vishnu’s story
Let me tell you the story of Vishnu who lives in Nagda in Madhya Pradesh. Vishnu, now a lanky, 22-year-old girl, is a great farmhand. From sunrise to near sunset, like a lark she sings in the field while helping her parents on their two-acre farm. You can see shoots of wheat, almost golden in color, swaying in the wind. Vishnu appears to be enjoying herself. She says, “Once upon a time, I was only three feet tall because I had to bend over and grip my legs while dragging my feet which were crippled. My parents were always praying that I should walk again. And then a miracle happened as I underwent polio-corrective surgery, persuaded by your teams. After months of physiotherapy, much anguish and physical pain, now I can almost walk straight again.” Sure she does walk well. The little limp that she has is barely visible. We should not let any child get to this stage in the first place.

In Vishnu’s case, fortunately, we were able to turn the clock back as we saw a lot of hope when the surgeons reviewed her case. Reconstructive surgery in acute cases is not even attempted. Then we try to rehabilitate polio victims with the Jaipur foot (artificial limb) which accords them mobility to a large extent and reduces their dependence on the family. In a way, it restores their dignity and sense of self-esteem. For almost a decade, polio eradication has been, and continues to be, a priority. For the year 2010, we helped administer 6 million polio drops, working closely with the government.

Besides this, we have mother-and-child care projects reaching out to women and children. Our 18 hospitals all over the country cater to more than 5,00,000 poor people almost free of cost. At the world-class Aditya Birla Memorial Hospital in Pune, 15% of the beds are earmarked for the poor. Through telemedicine facilities, we connect the rural poor to our hospitals as well.

Water - the life force
Water, which is the life force of people regardless of geography, has been a perennial problem in India’s villages, which are often plagued by droughts. We have been providing water on a continual basis to the villagers that are in proximity to our plants. But this is for their basic needs.

Now we have evolved a multi-pronged strategy based on an integrated development plan. Engaging the influential people in the community at every stage, we worked with water as the pivotal factor: replacing traditional wells with bore wells dug 400 feet down the belly of the earth to tap the natural underground water aquifers.

We have recharged underground water sources, such as tube wells and open wells, through rainwater
the spinning of the wheel | by birla

harvesting. We have helped construct check dams in as many villages as possible: at Gindwania in Nagda (MP), rainwater collected from the roof of the village school is diverted to a water pipe. We have also installed handpumps at intervals of 10-15 houses and provided training for their maintenance and repair. For water conservation at the community level, we have helped harvest the excess runoff for catering to micro needs, for instance kitchen gardens and soak-pits.

shakuntala's story
Let me share with you another touching and inspirational story, the story of Shakuntala. Shakuntala lives in the Duddy Block of Renukoot in Uttar Pradesh. A mother of five children, she along with other village women would trudge 5km to fetch four pots of water for the family, and even that would barely suffice. Voicing her opinion in timid tones, she would say that women in the villages are children of a lesser god, given the hardships faced by them. Our team took this up as a challenge. Backed by our Group’s resources and UNICEF, they installed hand pumps at an interval of every 10 houses in 110 villages, giving water to over a 100,000 people. No longer did women have to spend hours on end collecting water. The UNICEF collaboration entailed that the handpumps be maintained by women. Shakuntala was the first woman volunteer. Today, she is a qualified hand pump mechanic earning US$650, in the summer months, when the pumps need to be repaired.

Shakuntala has, in turn, trained another 80 women as hand pump mechanics. These women, who cannot read or write, earn a good deal of money by rural standards.

Today, Shakuntala very proudly says that from being a seeker of charity, she is now a teacher. She says that the Group has been a life changer not only for her but for all the 110 villages who now have easy access to water—their life force. Another 45,000 women across India feel empowered, working in 4,500 self-help groups set up by our teams. They are making a living. Like Shakuntala, they believe that they are now in charge of their own destiny.

sustainable livelihood
To address the issue of poverty alleviation effectively, we have evolved a multipronged strategy. Its planks are education and vocational training for self-help groups among rural women. At our vocational training institutes all over, we conduct certified, skill-oriented programs for both the rural and the urban youth.

All of our projects are carried out in partnership with the Government, and wherever necessary, with reputed NGOs. Just to give you two examples, at UltraTech's Vikram Cement, we are working in the public private partnership (PPP) Watershed Project which will go on stream in the Neemuch District of Madhya Pradesh. Our collaborators are the Rajiv Gandhi Watershed Mission and the Water and Irrigation Department of the Government of Madhya Pradesh. In a phase-wise implementation, our collective efforts will bring 5,000 hectares of land under irrigation, directly benefiting 20,000 farmers and their families.

Likewise, we are working in partnership with the CII/The European Union/British Council/City and Guides (UK), the technical support partner, in a project on vocational training for vulnerable and marginalized groups in Sirsa (Haryana) and Sitapur (UP); in several projects with NABARD for the rural populace; with Habitat for Humanity, for homes for the homeless; and with CARE India, for maternal and newborn healthcare, at Jagdishpur in Lucknow. The PPP model, wherein the government bodies play a vital role along with other key associates, is arguably the best model, since pooling of our collective resources lends enormous depth and breadth to projects.

broadening the base
In a far wider move in India, we have aligned with FICCI (Federation of Indian Chambers of Commerce & Industry) and set up the FICCI - Aditya Birla CSR Centre for Excellence. The vision of our Centre, the

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At our Canadian Company Novelis, headquartered in Atlanta, we have mounted a massive recycling education program involving our people and the local communities. Novelis is the world's largest recycler of used beverage cans, to the tune of 35 million cans in a year.

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Let me now move on to how our engagement with underserved communities has profited us. Profit not in the normal sense of the term quantified monetarily, but going far beyond the bottom-line mentality. We know what we are doing is benefiting society. So our motivation is very different. Our CSR deployment has translated into four distinct advantages.

• Firstly, our activities provide us with a great reputational lever that translates into a distinct values-led-company image. This enables us to attract, retain and energize talent. Professionals feel a sense of comfort when they see how our Group transcends business and is genuinely committed to social upliftment. Today's youth want to ensure that the benefits of capitalism percolate down. Like us, our talent believes that wealth creation is a noble pursuit. They feel that wealth can be best enhanced by distributing it. A new ethos of generosity is surfacing. This is clearly seen in the willingness to build a society that works for everyone. They prefer to work for companies who are strong in CSR.

Our employees and potential employees think of us as a Group that is cast in that mold, a Group that mirrors their personal values. Our reward lies in the fact that we have been named 'The Best Employer in India and among the top 20 in Asia', by the Hewitt-Economic Times and Wall Street Journal Study in 2007. In 2009,
we were ranked 6th across the Asia Pacific Region in the 'Great Place for Leaders to Work' study by Hewitt and Fortune.

• Secondly, our work has created, and continues to create tremendous goodwill among consumers, far in excess of the price tag. Consumers look upon our Group and its companies as having a social conscience, so there is a marked preference for our products and services. In all the sectors that we operate in—cement, aluminum, copper, viscose staple fibre, carbon black—we are among the topmost in industry. And these undoubtedly are profitable businesses.

• Thirdly, millions of our shareholders and investors are proud of our Group. They feel that this is a Group that they would definitely like to support. In all our Group companies' annual reports, we provide quantified evidence of our social and environment performance. I have seen at the annual general meetings, the special pride that shareholders take in their involvement with our companies on this score. Investors also flock to our Group.

Fourthly, social projects are also a means of sharing with the community the values that we as an organization stand for. It is a way of telling them that we care about you, that your concerns are ours as well, and that we are a principled people led by a moral compass.

Mainstreaming CSR into our businesses and delivering societal value has given us tremendous profits, albeit of a different kind—the turnaround of human lives, lifting tens of thousands of people out of stark poverty. There is a newfound dignity among them. What more can one ask for? •

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