

Indo-Dutch CSR & Sustainability Forum (INDUS-Forum)

Experience, Findings and the Way Forward

1. Background

- 1.1 India and The Netherlands have maintained a fairly strong trade and economic relation, since long. From recent data, it is evident that this relationship is becoming both stronger with time and diversifying into newer areas. The Indo-Dutch trade volumes show a steady increase since 2000, which is a sound indicator of the positive trade and investment relations between the two. In 2015, The Netherlands invested US\$ 2.64bn worth FDI in India, and was ranked fourth among India's top FDI investing partners¹. Also, Netherlands is the sixth most important trading partner of India. 225 Dutch companies have been operational in India, including subsidiaries, joint ventures, acquisitions, or others. Similarly, the latest estimates of 2015 indicate 174 Indian companies operating in the Netherlands², with some of them expanding operations.
- 1.2 The Netherlands has identified nine priority sectors for focusing its trade and economic activities with India, viz. agro-food, energy, logistics, hi-tech, e-commerce, life-sciences and health, and water. As has been asserted by H E Amb Alphonsus Stoelinga, Dutch Ambassador to India, The Netherlands is not only interested in promoting business in India, it is keen to ensure that these businesses are built on a robust foundation of sustainability. A number of Dutch businesses have been able to share lessons and understanding on this issue with their Indian peers and stakeholders.
- 1.3 Indian Inc. has led from the front on issues pertaining to CSR and sustainability for a long time, much before the adoption of the current CSR regime in the country (Companies Act 2014). While some of these efforts were certainly driven by a strong 'business case' for sustainability. A number of Indian companies have also had a strong inherent intent of doing good. Many Indian companies that have established themselves in The Netherlands bring with them, such rich and long tradition of having effectively undertaken CSR and sustainability initiatives in India. Given the emphasis of both countries on CSR and sustainability, it is clear that both Indian and Dutch business would gain a lot from each other's experience on CSR and sustainability practices.

2. Project Overview

- 2.1 CRB initiated a project entitled, **Indo-Dutch CSR & Sustainability Forum (INDUS-Forum)**, with support from the Dutch Embassy in India. The aim of this initiative has been *to promote and facilitate dialogues, debates and thought leadership between Indian and Dutch companies on strategic and operational aspects of CSR and sustainable business, to complement the existing trade and economic relations between these two countries*. The first phase of this project was designed to explore the interest among Dutch businesses, Indian business and relevant stakeholders about setting up a mechanism for exchange of good practices, knowledge and experience on CSR and Sustainability involving businesses and relevant stakeholders from both the countries.

¹ <http://www.businesstoday.in/current/deals/countries-with-largest-share-of-fdi-inflows-into-india/story/233375.html>

² http://articles.economictimes.indiatimes.com/2015-05-06/news/61865249_1_bilateral-ties-bilateral-trade-unsc

- 2.2 From the feedback and inputs received, the initiative has been welcomed by both countries' businesses and stakeholders, including the Embassy of the Netherlands in India, Indian Embassy in the Netherlands, international organisations, civil society organisations and academicians. Through this initiative, CRB aims to develop a forum for Indian businesses operating in Holland and Dutch businesses operating in India, to work together in tackling key sustainability related challenges and issues, together. The one year, first phase of the project will culminate in the establishment of this membership-based forum for Dutch and Indian companies on CSR and Sustainability issues **INDUS-Forum** in March 2017.
- 2.3 Once established, this membership-based forum is expected to provide opportunities to Indian and Dutch companies, policymakers and key stakeholders of these two countries to share their perspectives and experiences on CSR and sustainability practices, learn from each other's experience and address specific sustainability issues and challenges together.

3 Activities so far & Findings

- 3.1 Initial stages of the project included developing the *operational note* of the project and identifying a *steering committee*. Following the interaction with Dutch and Indian businesses, a first **national stakeholder consultation meeting** of the project was conducted in New Delhi (India) on 15th September, 2016³. It was evident from the inputs received that there was indeed merit in cooperation and collaboration, to help leverage understanding and practice of CSR and Sustainability in the two countries. Further, the experience of this project was shared with a group of international organisations, members of the diplomatic community in New Delhi, businesses and experts during the CRB's policy and practice conference **India and Sustainability Standards: International Dialogues and Conference** held in New Delhi, India on 17th November 2016 (www.sustainabilitystandards.in). Subsequently, the **second stakeholder meeting** of the project was held in The Hague (The Netherlands) on 18th Jan 2017 to garner support from Dutch and Indian businesses based in the Netherlands. Inputs from high level speakers in this event confirmed that the time was opportune for such a bilateral dialogue on CSR and Sustainability. CRB has analysed all these inputs and have envisaged forming a membership-based network (platform), **INDUS-Forum network**. The envisaged structure and functions of the INDUS-Forum would be shared with the participants at the third consultation meeting to be held on 22nd March 2017 in New Delhi (India), for inputs and finalization.
- 3.2 The project was initiated by identifying Dutch businesses operating in India, a list received from the Dutch Embassy in India. Similarly, a list of Indian companies operating in The Netherlands was also compiled from information received from the Indian Embassy and other sources. In the first round, CRB interacted with representative of Indian companies operating in the Netherlands, and some efforts were also done to establish link with their counterparts in Holland. CRB was able to engage with 52 businesses (35 Dutch and 17 Indian businesses) overall. CRB team was able to receive inputs from over 30 Dutch and Indian businesses about their CSR and sustainability policy and practices,

³ <http://india.nlembassy.org/news/2016/09/indus-forum.html>

challenges in implementing these practices, government support and their views on INDUS-Forum. CRB was also able to gather inputs from nearly 20 key stakeholders.

3.3 Below are some of the *findings* so far. These are based on the opinion of Dutch businesses operating in India and stakeholders, both in India and in the Netherlands.

3.3.1 *Inputs from Businesses:* CRB received the following broad inputs from businesses overall about their engagement on CSR and Sustainability issues:

- In case of large enterprises, sustainability performance is viewed and monitored seriously and very closely, both as part of their internal reporting and also given many of them have to report to external stakeholders (GRI and other reporting frameworks)
- Among large enterprise, most have CSR policies even before this was mandated by the Companies Act 2014 in India.
- While the internal drivers include employees, customers and business risk management; external drivers include government relations, NGO partnerships, regulators, peer group (reputation) and better community relationship
- Supply chain management is broadly considered as a major challenge among the large enterprises, as also confirmed in available literature
- In case of Dutch SMEs activities of CSR and sustainability is managed at the executive (entrepreneur) level, hence it is mostly individual interest driven and dependent
- While some SMEs are finding it a challenge to identify their stakeholders, others are already engaging with farmers, cooperatives, suppliers, manufacturers, customers and their employees
- There is a need to strengthen the process of sharing of knowledge and information pertaining to CSR and Sustainability between the parent company and its subsidiary (this is true for both Dutch companies in India and Indian businesses in The Netherlands)
- Companies are interested in learning from experiences of others in specific sectors. The choice of sectors can be based on the Dutch government's international CSR (I-CSR) agenda, like textiles, agriculture, leather, etc. Covenants have been developed for these sectors for implementation partner countries of the Netherlands.
- Some of the weak areas of most large businesses are sustainability issues in its supply chain (especially down to 2nd and 3rd tier), stakeholder engagement and engagement with SMEs
- Businesses found INDUS-Forum's value as a means to *foster exchange and collaborations* between Dutch and Indian businesses through network building; help *introducing good practices* especially in supply chains; *influencing high level policy makers*, bigger players, as well as smaller supply chain actors; *support and hand holding* for start-up companies towards CSR mandate; and role as a *discussion partner with government bodies* and interest groups.

- 3.3.2 **Inputs from stakeholders:** CRB was able to obtain rich inputs and perspectives from one-to-one stakeholder interviews through personal meetings, Skype calls, etc., as highlighted here:
- The Forum should offer opportunities for exchange of good practices in this domain across the two countries, in key sectors of mutual interest of The Netherlands and India
 - The agenda and activities of INDUS-Forum should be linked with the current bilateral trade and economic relations/priorities between the two countries
 - Support from the two governments is considered as a great strength of the INDUS-Forum, and should be leveraged to carefully choose focus areas for intervention
 - The existing gap between frontrunners and laggards (companies practicing CSR and Sustainability activities) in both the countries is important to be bridged, where this Forum could play a pivotal role
 - There is a need to identify some champions or ambassadors of the Forum
 - Sector/ theme focus should be brought in subsequently based on the needs and demands of the member businesses.
 - The envisaged Forum should help better understand the CSR and sustainability regimes in each other's territories – bridge the cultural gap
 - Supply chain sustainability would be the best interest for SMEs and Indian companies
 - The success for the forum would be governed by the impact it could bring to tier 2 or tier 3 suppliers, which are most difficult for the companies to engage with.

4 Way forward

4.1 Based on the above findings, a set of pointers for the INDUS-Forum have been worked out as presented below, to be further discussed and finalized:

Specific Findings	Possible Way forward (Agenda for INDUS-Forum)
Difficulty in translating CSR and Sustainability policy into practices on ground: both countries' businesses	- Improving ground-level implementation through partnerships between businesses - The narrative should be focused on 'leveraging opportunities' and not on 'managing risks'
Different approaches towards CSR and Sustainability in the Netherlands and in India	- Learnings from each other's 'approaches' - Undertake joint projects that help bridge the cultural gap and understanding of Sustainability in practice - Focus on SDG Targets provides a common framework
Businesses interested to identify key sectors and engage in them	- Sectors can be those which are of key importance the India and also to The Dutch Government (I-CSR Covenant) - INDUS-Forum can facilitate the process and identify 'champions'

Specific Findings	Possible Way forward (Agenda for INDUS-Forum)
Need for engagement and recognition from both the Government	- Mechanism to keep the Governments informed through the Embassies
International Supply chain management - needs attention across sectors	Mechanisms to highlight issues from 2nd/3rd tier (supply chain) actors
Engagement with NGOs continue to be quite challenging for many businesses	<ul style="list-style-type: none"> - Explore strategic alliances (businesses & NGOs) for innovative solutions - INDUS-Forum Platform to provide scope for engagement of both businesses and other stakeholders including NGOs

5. Join the INDUS-Forum Network

5.1 If you are interested to benefit from the exchange of information on CSR & Sustainability, and participate in various activities of INDUS-Forum platform, please provide the information below

Name:

Designation & Organisation:

Email:

Phone No: