



# Mapping and Conceptualising of EU CSR and Sustainability Action Platform in India

2022



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**CRB** CENTRE *for*  
RESPONSIBLE  
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# Foreword

The European Union (EU) and India have celebrated in 2022 the 60th anniversary of the establishment of diplomatic relations. The close strategic partnership between the EU and India also entails addressing together pressing global challenges, from fighting climate change and biodiversity loss to improving the resilience and security of supply chains.

In 2021, the EU was India's third largest trading partner. EU Foreign Direct Investments in India reached €87 billion in 2020. There are approximately 4500 EU companies currently operating in India, creating 6.5 million jobs - both directly and indirectly. The EU regards as essential the contribution by the private sector in promoting inclusive economic growth, job creation, poverty reduction and sustainable development.

In Europe as in India, Corporate Social Responsibility is vital. Actions undertaken to adhere to CSR obligations by private sector stakeholders can have a significant impact on the lives of people, in terms of working conditions and health but also for the protection of the environment and for boosting innovation as well as education and training opportunities. Addressing CSR is as much in the interest of companies as of society as a whole: research has confirmed that CSR adds to the competitiveness of enterprises.

The EU Delegation to India has partnered with the Centre for Responsible Business to conduct a study on the Mapping and Conceptualising of EU-CSR & Sustainability Action Platform in India. The study indicates that the contribution of EU businesses towards corporate social responsibility (CSR) in India is significant, estimated at approximately EUR 250 million per year. Findings and recommendations from this study will support EU companies in India to further improve and to take even better-informed decisions about their CSR and sustainability initiatives.

CSR actions are underpinned by the ambition to build a more cohesive society and to support the transition towards a sustainable economic paradigm. I trust that this study will offer a positive contribution in leveraging the potential of CSR initiatives in India, helping EU companies to adopt innovative financing models and to strengthen policy interface and dialogue with stakeholders.

**H.E. Ugo Astuto**  
Ambassador of the European  
Union to India and Bhutan





# Foreword

Social media handles of several leading international organisations and opinion leaders were abuzz on the afternoon of 17th June in India, with the news of the successful conclusion of the Twelfth Ministerial Conference of the WTO (nicknamed - MC12). In addition to core trade related issues, this edition of the Ministerial conference, led for the first time in the history of the global trade regulator by a woman Director General (Ngozi Okonjo-Iweala), there was considerable reference to sustainability issues. The subject was centrepiece of the fisheries agreement arrived after several years of break-neck negotiations. Sustainability principles are getting slowly incorporated into how countries trade among each other – a reality that is dawning across international trade and investment partners. Collaboration remains key and a mindset for compromises and trade-offs is critical in building a sustainable and inclusive international trading architecture that is resilient to future shocks.

The European Union has been a leader in promoting sustainability outcomes into how its Member States trade internationally especially with developing countries. The EU Corporate Sustainability Due Diligence Directive (CSDDD) released in February 2022 is a milestone, in this regard. Countries interested in deepening their trade relations with the EU would have to equip themselves with the requirements for social and environmental due diligence.

The EU is one of the top trade and investment partners of India. Needless to say, given the commitment back ‘home’, EU companies in India have played a leading role in promoting sustainable development and SDGs for long. They will now have to strengthen their systems and processes along their entire value chain to align with the requirements of the CSDDD. Trade and investment relations between the EU and India is at an all-time high, with the two partners celebrating 60 years of cooperation not only on commercial aspects but also on cultural and scientific matters. Sustainability remains a cornerstone of the cooperation strategy between the two partners as embedded in the EU-India Strategic Roadmap 2025. A number of joint initiatives are underway.

In this backdrop, Centre for Responsible Business and the Delegation of the European Union to India joined hands to assess contribution of EU businesses to sustainability and SDGs in India. In addition to reviewing the contribution of EU businesses through Corporate Social Responsibility (CSR) projects and sustainability initiatives, the study also aimed to explore the need and relevance of an EU business driven CSR and Sustainability platform in India. CRB has gained considerable experience of designing and convening several stakeholder platforms related to sustainability – and feel the time is right for such a platform in India for EU businesses on CSR and Sustainability. CRB is thankful to the EU Delegation for all the help and support it has received over the course of this study and hopes this would pave the way for stronger and deeper collaboration between CRB and the EU Delegation on sustainability and responsible business.

The proposed EU businesses driven platform on CSR and Sustainability in India will not only help EU businesses share their experiences and good practices among themselves – but with a wider community of practitioners. The platform will pivot around collaborative initiatives involving various stakeholders in the country.

Over the last few years, Government of India has demonstrated leadership on several aspects of sustainability, responsible business and SDGs not just within the country, but globally. India Inc. is gradually realising the role it needs to play in driving measurable positive impacts on social, environmental and economic aspects of business – especially focusing on the most vulnerable and excluded. We have a long way to go, but the journey has certainly begun.

**Rijit Sengupta**  
Chief Executive Officer  
Centre for Responsible Business





# Acknowledgement

This study was undertaken by CRB in partnership with the Delegation of European Union to India. We sincerely thank colleagues from the EU Delegation to India, particularly Pattabiraman Subramanian, Senior Programme Manager, International Co-operation and Laurent le Danois, Attaché, EU Delegation to India for their support and valuable insights over the entire course of this study. This report would not have been possible without their valued contributions. We are also thankful to Michael Bucki, Counsellor, EU Delegation to India and Sarabjit Hayer, International Development Officer in the European Union headquarters in Brussels for providing their comments and guidance from time to time.

We are particularly grateful to a number of EU Member States' Chambers of Commerce and Missions in India who actively participated in the study and the stakeholder discussions (viz. Austria, France, Germany, Ireland, Italy, The Netherlands, Sweden). The study wouldn't have been possible without receiving rich insights from a number of EU businesses and stakeholders who helped us in stitching together the findings.

A special note of thanks to the Ministry of Corporate Affairs, Government of India for maintaining company wise, year-wise data on CSR expenditure in the National CSR Portal. We used this dataset for the analysis of EU businesses' contribution to CSR in India.

Finally, we thank our CRB colleague Devosmita Bhattacharya for writing part of this report and effectively managing the stakeholder discussions and related events. We are also thankful to CRB colleagues Kalyanee Paranjape and Nitya Chibber who supported with the data capture and analysis. We are grateful to Siya Chopra and Noor Fatima for readying the report for publication in quick time.



# Executive Summary

The European Union (EU) is one of India's three largest trading partner, accounting for €72 billion worth of trade in goods (2019-20) and €28 billion trade in services (calendar year 2020). There are about 4,500 EU businesses that are currently operational in India, creating 1.5 million direct jobs and 5 million indirect jobs. EU and India are not only important trade and investment partners, but have over the years strengthened cooperation to promote sustainable development. The EU India Roadmap 2025 adopted by both countries mid-2020 supports and guides this process.

The landscape in both countries on Corporate Social Responsibility (CSR) and Sustainability has evolved considerably over the last decade or so. India is the first country globally that has a CSR law (CSR Rules, 2014) making it mandatory for companies of a particular size to invest 2% of profits in specific developmental areas. Further, India's market regulator – SEBI (Security and Exchange Board of India) has made it mandatory for top 1,000 companies by market capitalisation to disclose their sustainability performance using 9 Principles of the National Guidelines on Responsible Business Conduct (NGRBC), beginning financial year 2022-23. The EU on the other hand is in the process of finalising a new legislation that will make social and environmental due diligence mandatory in the supply chain of all EU businesses, globally. Several EU Member States have already adopted laws on various aspects of social, environmental and climate related sustainability issues, covering their supply chain including India.

Centre for Responsible Business (CRB) undertook this study from January to October 2021 in partnership with the EU Delegation to India, with the dual objectives to: (i) map and assess the potential contribution of EU companies' CSR and Sustainability initiatives in India; and (ii) design a platform for EU companies to collaborate, facilitate and leverage experiences on CSR and sustainability in India. The study is extremely relevant and timely considering the evolving landscape on CSR and Sustainability in EU and India. Further, it has been undertaken in the background of strengthening trade and strategic cooperation between these two long-term partners.

The study analysed CSR expenditure data using the Government of India CSR portal from 77 EU businesses from 10 leading EU Member States over a period of four years (2016/17 to 2019/20). The study inferred the average total annual CSR expenditure made by these 77 businesses over these four years was approximately Euro 35 million (INR 280 Crores). Assuming that 400 to 500 EU businesses fall under the mandatory 2% CSR expenditure category (i.e., Section 135 of Companies Act 2013), it is estimated that EU businesses spend between EUR 200 to 250 million annually towards CSR activities in India.

Education, Healthcare, Environmental Sustainability, Poverty Eradication Hunger and Malnutrition and Rural Development were the top 5 areas that these businesses were investing most of their CSR funds. These 5 areas accounted for 70% of all the CSR projects undertaken by these businesses over these four years. In terms of geographical reach, 70% of the CSR projects implemented by these companies (295 out of 421 specific CSR projects) were based in the States of Maharashtra, Karnataka, Tamil Nadu, Gujarat and Delhi. This is probably due to location of these businesses in these industrialised states. On the contrary, States like Bihar, Chhattisgarh, Jharkhand, Meghalaya, Arunachal Pradesh, Nagaland, Tripura received the least contribution from CSR by these businesses. Many of these States are categorised as 'SDG laggard States' given their poor performance on SDG indicators (SDG India Index). These findings were found to be well aligned with a DMEQ, NITI Aayog report of 2021 which analysed the overall CSR spending in India for 5 years between 2014/15 to 2019/20.



At the aggregate level, together these businesses were spending more than 91% of total prescribed CSR budget (prescribed CSR budget is 2% of profit, as per Section 135 of the Companies Act, 2013). However, individually over the three years between 2016/17 to 2018/19, only 24% of this sample of businesses met or exceeded the prescribed annual CSR expenditure targets. This finding was also seen aligned with the DCEO, NITI Aayog report 2021 for these 3 years. There was marked improvement however, in the CSR expenditure in the year 2019/20 – when over 60% of these businesses were seen to meet their CSR targets. Given the needs of the ‘SDG laggard States’ (and aspirational districts therein), especially post COVID-19, the study recommends the Ministry of Corporate Affairs (MCA) to encourage companies to implement CSR projects in these ‘SDG Laggard’ States (and particularly ‘aspirational districts’ located in them).

The study also analysed the annual and sustainability reports of 64 EU businesses operating in India and found them to be targeting some common SDGs, viz. SDG 8 (Decent Work), SDG 12 (Sustainable Consumption and Production) and SDG 13 (Climate Action). However, there was a need to strengthen strategy and actions on some other SDGs, viz. SDG 2 (Sustainable Agriculture & Food systems); SDG3 (Health care); SDG 5 (Gender); SDG 11 (Sustainable Urbanisation) and SDG 15 (Natural Resources & Biodiversity). Analysis of the EU India Roadmap 2025 revealed these (above-mentioned) SDGs to be of mutual interest to the two partners.

A number of EU Member States have over the years adopted legal frameworks that enable businesses to dive deep into their value chains to prevent and mitigate potential risks pertaining to environmental, social and governance related aspects. The upcoming EU Corporate Sustainability Due Diligence Directive is expected to create a unified and consistent mechanism for all EU businesses to design and perform such interventions in their value chains, globally. The timing is therefore ideal for a EU business-led platform on CSR, Sustainability and SDGs that would bring all EU businesses and related stakeholders in India together for collective and synchronised actions on Sustainability and SDGs.

Certain factors make EU businesses a key partner in contributing to SDGs in India, viz: (i) strategic backing by the EU India Roadmap 2025; (ii) evolving landscape on CSR and Sustainability in EU and in India; (iii) existing experiences, current level of interests; and (iv) financial capacity of EU businesses on CSR and sustainability related actions.

In order to achieve the scale (coverage and impacts) needed in a country like India, this report argues in favour of a EU businesses-led platform on CSR, Sustainability and SDGs. Based on existing evidence and inputs from EU businesses and other relevant stakeholders, CRB argues that such a platform could perform the following functions:

- Address implementation bottlenecks of CSR and Sustainability related activities (e.g., finding credible partners; understanding local policy; analysing impacts; etc).
- Enable collective representation to Government of India on CSR, sustainability and SDGs
- Demonstrate impacts on CSR and Sustainability in the ‘SDG laggard’ States and particularly aspirational districts
- Evolve into being a ‘go-to’ place for Knowledge and Tools on the topic that are easily accessible
- Facilitate collaboration and partnerships to achieve scale, and address risks
- Improve visibility of EU businesses among policymakers and the wider audience on these topics
- Showcase and promote ‘good practices’ to motivate and inspire a wider community of businesses and stakeholders
- Leverage innovative financing models
- Strengthen policy interface on CSR, sustainability and SDGs at global, regional, national and sub-national levels



The report makes the following points in conclusion:

- Both business and Governments of the two partners (India and EU) are committed not only to deepen trade and commercial relations, but to do so in a sustainable and inclusive manner. In pursuit of these objectives, robust policy frameworks and regulations are being developed in both places. EU businesses have rich experiences of promoting sustainability along their entire supply/ value chains and beyond. Designing and implementing innovative and ambitious partnerships involving Indian stakeholders will help achieve some of the most pressing sustainability outcomes.
- It is evident from the study that EU businesses have been contributing significant financial resources to CSR and sustainability initiatives in India (as estimated by this study, it is likely to be around Euros 200million to 250million, annually). There are considerable opportunities for these businesses to innovate and collaborate for achieving scaled-up impacts. Such impacts can be pursued for example in some of the States (specifically in aspirational districts) which have struggled on some of the SDG National Indicators.
- Development of a EU businesses platform on CSR and Sustainability will create a much needed 'go-to' place to coordinate, coalesce and position business actions on CSR, Sustainability and SDGs in India. Based on earlier experience, it is clear that the efficacy and long-term sustenance of the platform will depend on its governance structure, ability to meet the demand of members and achieve measurable local impacts. Though the platform would be meant for businesses, it should accommodate inputs from multiple stakeholders to enable scaling up of impacts where most needed. Ensuring participation of EU and Indian stakeholders would help balance the interest of both the partners taking into consideration cultural, contextual and ground-level realities.



# 1. Introduction

The European Union and India have been long-term partners not only on trade and investment; but on political and international relations and even on cultural matters. The EU is India's one of the three largest trading partner, accounting for €72 billion worth of trade in goods (financial year 2019-20), and €28 billion trade-in service (calendar year 2020)<sup>1</sup>.

## At a Glance

- EU India Trade in Goods has steadily grown from €51bn (2010) to €67.5bn (2015) to €72bn (2020)
- EU India Trade in Services has also increased from €15bn (2010) to €22bn (2015) to €27.5 (2020)
- FDI inflows has trebled from 2010 (€3bn) to 2020 (€9 bn)
- 4,500 European companies are present in India, contributing to economic growth and employment (1.5 million direct and 5 million indirect employment)
- Germany, Belgium, the Netherlands, France and Italy are the top five trade partners of India (Department of Commerce, Ministry of Commerce, Govt. of India)

On the subject of Sustainable Development, especially looking at the contribution of businesses to sustainability – both India and the EU have made considerable progress over the last decade or so.

## 1.1 Developments in India related to Corporate Social Responsibility and Sustainable Business

India is one of the few countries globally to have a law on Corporate Social Responsibility – making it mandatory for certain companies in India to invest 2% of their profits in specific developmental initiatives. Section 135 of the Companies Act, 2013 makes it mandatory for these companies to invest in specific CSR activities ('developmental areas' as defined under Schedule VII of the Companies Act, 2013). The CSR Rules, 2014 that followed the Act provides specifications pertaining to calculation of CSR activities and related aspects. According to the Companies Amendment Rules, 2019, companies are allowed to transfer the money they fail to spend in a year to an "unspent CSR account" from which they can draw within the next three years to spend on CSR activities.

The Act requires that the Board of the company shall, after taking into account the recommendations made by the CSR committee, approve a CSR policy for the company and disclose its contents in a report. The company is also expected to publish these details on the company's official website. Furthermore, the Companies (CSR Policy) Amendment Rules, 2021 introduced new requirements like impact assessment of CSR contributions; engagement of International Organisations for CSR Projects in limited capacity; etc. Even with respect to the concepts earlier present in the 2014 Rules, such as definition of CSR, CSR policy, CSR implementation, provisions of the new rules appear to be more detailed and structured.

<sup>1</sup> [https://eeas.europa.eu/delegations/india/105756/eu-india-broad-economic-and-trade-relationship\\_en](https://eeas.europa.eu/delegations/india/105756/eu-india-broad-economic-and-trade-relationship_en)



In terms of sustainability and responsible business, the country adopted the National Voluntary Guidelines (NVGs) on Social, Environmental and Economic Responsibilities of Business (2010) led by the Ministry of Corporate Affairs (MCA). The market regulator SEBI made it mandatory for 500 companies by market capitalisation to report annually about business responsibility (Annual Business Responsibility Report), based on the NVGs. Subsequently, in view of the adoption of the UN Guiding Principles on Business & Human Rights (UNGPs) and the Sustainable Development Goals (SDGs), the NVGs were updated in 2018 as the National Guidelines on Responsible Business Conduct (NGRBC). In 2020, MCA released the revised national reporting framework – Business Responsibility & Sustainability Reporting framework or the BRSR. SEBI expanded the sustainability reporting requirement to top 1,000 companies by market cap, using the BRSR format, beginning financial year 2022-23.

Further, a National Action Plan on Business and Human Rights (NAP) is under development led again by the MCA – which followed an earlier ‘Zero Draft’ of the NAP developed in 2018. Finally, the Ministry of Finance is leading policy developments related to Sustainable Finance in India. A report on Sustainable Finance in India is likely to be released soon which will help create a consistent and unambiguous language for ESG finance and investments in the country.

## 1.2 Developments in the European Union related to Sustainable Business and CSR

Corporate Social Responsibility is defined by the European Union as the responsibility of enterprises for their impact on society and, therefore, it ought to be business driven. Companies can become socially responsible by integrating social, environmental, ethical, consumer and human rights concerns into their business strategy and operations. The European Union through its 2011 strategy for CSR, aimed to align European and global approaches and priorities on CSR and Sustainability. This strategy stressed on the importance of CSR and disseminating good practices, through the integration of CSR into education, training, and research. There is a fair bit of expectation now after COVID-19 from businesses, especially large ones not to merely abide by legislative requirements on aspects of social, economic and environmental sustainability, but to go beyond

Private sector engagement in development processes lies at the heart of the European Union’s development agenda, reflecting their enormous potential as driver of sustainable and inclusive economic growth, job creation and poverty reduction. Under the new European ‘Global Gateway’ Strategy, EU set an ambitious target of mobilising EUR 300 billion of investments to boost sustainable links around the world. Engaging with private sector and leveraging private sector financing is a key to achieving these ambitious targets. The EU is also promoting use of innovative financial instruments such as guarantees to boost SME lending by commercial banks, and risk capital to invest in funds that lend on or invest in SME projects. Scaling up of blending in cooperation with development finance institutions also facilitates the involvement of the private sector as a source of finance.

In 2020, European governments reached a deal on an unprecedented economic rescue plan and seven-year budget for the region worth € 1.8 trillion (US\$2 trillion). Almost a third of that is earmarked for climate action, offering the bloc’s 27 nations a chance to develop clean energy resources, stimulate the market for emission-free cars, invest in budding technologies, and promote resource and energy efficiency. The plan is part of Europe’s bid to become the world’s first climate-neutral continent by 2050. A ‘Recover and Resilience Facility’ was set up that would among others, support reforms and investments in smart, sustainable and inclusive growth in cooperation with partners both within and outside the EU<sup>2</sup>.

<sup>2</sup> [https://www.europarl.europa.eu/doceo/document/TA-9-2021-0038\\_EN.html#title1](https://www.europarl.europa.eu/doceo/document/TA-9-2021-0038_EN.html#title1)



Driven by local civil society organisations and growing public and consumer awareness and demand for sustainably sourced commodities and/or goods, a number of European Union member states have developed home country legislations to prevent and child labour, environmental impacts, strengthen supply chain transparency, etc. According to the Non-Financial Reporting Directive legislation, EU member states must enact legislation requiring certain large public interest entities to report annually on non-financial issues including human rights<sup>3</sup>.

At a high-level event hosted by the European Parliament's Responsible Business Conduct Working Group in April 2020, EU Commissioner for Justice Didier Reynders announced that the Commission had started consultations for a possible legislative initiative to make human rights and environmental due diligence in international supply chains mandatory for EU enterprises<sup>4</sup>. Building on the results of these consultations which ended in February 2021 and the non-binding recommendations from the European Parliament in March 2021<sup>5</sup>, the European Commission adopted a Directive on Corporate Sustainability Due Diligence on 23rd February, 2022. The proposal aims to foster sustainable and responsible corporate behaviour throughout global value chains of EU businesses. The proposal will be presented to the European Parliament and the Council for approval. Once adopted, Member States will have two years to transpose the Directive into national law and communicate the relevant texts to the Commission<sup>6</sup>.

## 1.3 India and EU as Partners on Sustainable Development

In 2018, the EU released a strategy for an enhanced EU-India partnership on 'sustainable modernisation'. This strategy is expected to contribute towards deepening the existing trade and investment relationship between the two countries, while accelerating India's progress in research and technological development; resource efficiency; green growth and fostering entrepreneurship.

Some of the areas of common interest of the two partners were to:

- Promote sustainable production and consumption – particularly through the integration of environmental concerns and solutions into economic growth policies.
- Support transition to a resource-efficient circular economy and green businesses, particularly through partnerships including between SMEs.
- Develop joint action plans in areas of cooperation such as future networks and emerging technologies; promote R&D and innovation; network security and spectrum management.
- Strengthen engagements through facilitating sustainable investment; cooperation in promoting and implementing the 2030 Agenda; and triangular cooperation.

The strategy underlined that trade and investment agreements between the two partners will include an emphasis on sustainable development, to deal with social and environmental priorities linked with bilateral trade and commercial activities.

The 15th EU-India Summit held in July 2020, laid foundations for a deeper and more ambitious strategic cooperation between the European Union and India (*A Roadmap to 2025*)<sup>7</sup>. Both the EU and India agreed to deepen cooperation among others on - climate change (Paris commitments); clean energy; sustainable urbanisation; transportation; food security; migration and mobility; global economic governance; Sustainable Development Goals; digital economy and connectivity.

<sup>3</sup> [https://www.ohchr.org/Documents/Issues/Business/MandatoryHR\\_Due\\_Diligence\\_Issues\\_Paper.pdf](https://www.ohchr.org/Documents/Issues/Business/MandatoryHR_Due_Diligence_Issues_Paper.pdf)

<sup>4</sup> [https://www.europarl.europa.eu/RegData/etudes/BRIE/2020/659299/EPRS\\_BRI\(2020\)659299\\_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/BRIE/2020/659299/EPRS_BRI(2020)659299_EN.pdf)

<sup>5</sup> [https://www.europarl.europa.eu/doceo/document/TA-9-2021-0073\\_EN.html](https://www.europarl.europa.eu/doceo/document/TA-9-2021-0073_EN.html)

<sup>6</sup> [https://ec.europa.eu/commission/presscorner/detail/en/ip\\_22\\_1145](https://ec.europa.eu/commission/presscorner/detail/en/ip_22_1145)

<sup>7</sup> [https://www.mea.gov.in/bilateral-documents.htm dtl/32828/IndiaEU\\_Strategic\\_Partnership\\_A\\_Roadmap\\_to\\_2025](https://www.mea.gov.in/bilateral-documents.htm%20dtl/32828/IndiaEU_Strategic_Partnership_A_Roadmap_to_2025)



## 2. Rationale, Objectives and Methodology of the Study

Economic and political relations between the two partners have evolved and strengthened over time. Based on these positive experiences, the European Union has positioned itself as a key partner not just to support India's ambition domestically for a sustainable and inclusive recovery, but also to enhance its role globally as a leader on Sustainable Development and Climate Change. 4,500 EU businesses are operational in India and play a key role in advancing sustainable development, in line with their commitments back home. These businesses are also expected to play a significant role in supporting the above ambition.

Centre for Responsible Business (CRB) in partnership with the Delegation of the European Union to India undertook a study (January to October 2021), to assess the role that EU businesses have played in promoting sustainable development in India, given the shared interest – and to examine the potential to scale EU businesses' contribution towards Sustainable Development Goals (SDGs) in India.

### 2.1 Objectives

The overall objective of the assignment was to conceptualise an institutional framework for EU companies and its subsidiaries in India to collaborate meaningfully with the EU, represented by EU Delegation to India, CSOs and the Government of India, in demonstrating their corporate social responsibility and sustainability commitments (particularly under Indian law) that contributes to SDGs.

The purpose of the study was to identify the potential of CSR and Sustainability contributions made by EU companies and their subsidiaries in addressing the development issues in India as well as conceptualising in setting up an institutional mechanism for collaboration and engagement. The specific objectives were:

- To map and assess the contribution of EU companies CSR and Sustainability initiatives in India
- To design a platform for EU companies to collaborate, facilitate and leverage experiences on CSR & Sustainability

### 2.2 Methodology

In order to map and assess contribution of EU businesses' CSR and Sustainability initiatives and impacts in India, secondary research was undertaken to:

- i. analyse the CSR expenditure by a select sample of EU businesses in India and
- ii. assess the contribution of select EU businesses towards the Sustainable Development Goals (examining their Annual and Sustainability Reports).

In addition to secondary research – CRB also engaged through primary stakeholder interviews and meetings with several leading EU businesses and other relevant stakeholders. A combination of convenience sampling (participants are easily accessible) and purposive sampling (participants are selected to satisfy the purpose of the research) were applied.



Data on CSR expenditure<sup>8</sup> was analysed for a total of **77 Indian subsidiaries of EU businesses** (Annex 2) **from 10 EU Member States**, which are leading trade and investment partners of India. These countries are **Austria, Denmark, Finland, France, Germany, Ireland, Italy, The Netherlands, Spain and Sweden**. Company-specific data available in the *National CSR portal* ([www.csr.gov.in](http://www.csr.gov.in)) was analysed for four (4) consecutive years (2016-17, 2017-18, 2018-19 and 2019-2020). In addition to total CSR expenditure, developmental areas and geographical coverage of CSR activities were also analysed for these companies.

Sustainable Development Goals (SDGs) were mapped for a select set of 64 EU businesses<sup>9</sup> (Annex 3) from the same 10 EU Member States whose sustainability reports (and related information) were accessible in the public domain. Mapping was done using the companies' Annual Reports, Sustainability Reports and company websites. For most of the companies, an explicit reference to SDGs was considered as an indicator of the businesses' appreciation of and focus on SDGs. In certain cases analysis was done to verify the performance of these businesses in specific 'impact areas', aligned with the SDGs.

In terms of primary research, structured interviews were undertaken with representatives of select EU businesses, and other relevant stakeholders (viz. Embassies and Bilateral Chambers of Commerce of EU member states). This included an initial discussion with them, introducing the study and on-boarding them to be engaged in providing inputs and to be part of some of the stakeholder meetings. Inputs were sought on:

- i. business engagement on CSR;
- ii. overview of sustainability activities;
- iii. engagement with the European Union in India and
- iv. views on a platform for EU businesses on CSR and sustainability in India.

The survey questionnaire (refer Annex 5) was also shared electronically with a large sample of EU businesses with the help of the EU Delegation. However, the response to this online survey wasn't encouraging. All responses that were received to the survey have been incorporated into the analysis.

## 2.3 Limitations

The study findings should be read keeping in mind the limitations based on availability of resources, time and prevailing circumstances as has been explained below<sup>10</sup>:

- CSR data from 77 EU businesses were analysed using secondary sources for a period of 4 consecutive years (a total of 300-plus data points) was used.
- Primary data was gathered from around 20 EU companies.
- Inputs were received also from a number of Indo-EU Members' Chambers of Commerce (e.g., Germany, Italy, The Netherlands, Sweden, France, Ireland, Austria).
- Some time (approximately 3 months) was lost in the summer of 2021, given the raging COVID-19 pandemic situation in India.
- As a result of the restrictions imposed due to COVID-19 and the ensuing lockdown, all interactions with EU companies and other respondents for data collection had to be done remotely using online platform(s).

<sup>8</sup> As defined in the Companies Act, 2013 (Section 135 and Schedule VII)

<sup>9</sup> EU Businesses: For the purpose of this study, all such companies in India that are headquartered/registered in a EU Member State were considered as EU Businesses

<sup>10</sup> In spite of the challenges posed by the study given the timing, CRB was able to still cover the ground thanks to the support and cooperation from the EU Delegation to India



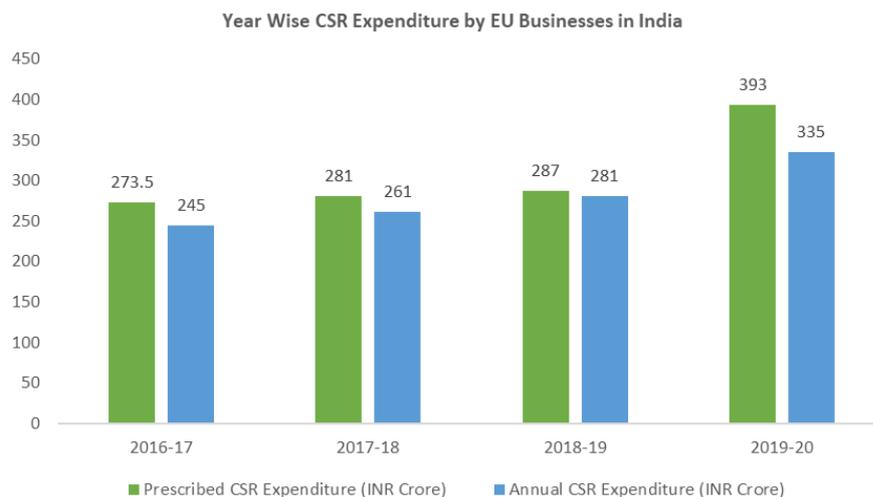
# 3. Findings of the Study

## 3.1 Mapping of CSR and Sustainability - Contribution of EU Businesses in India

### 3.1.1 CSR Expenditure

Analysis of CSR expenditure data for the 77 companies for four consecutive financial years (2016-17, 2017-18, 2018-19 and 2019-20) showed that **overall expenditure** of the companies remained consistently **high**. On aggregate, **over 91% of the 'prescribed CSR budget'<sup>11</sup> had been met by these companies over these four years.** (see Figure 1)

**Figure 1: Year-wise CSR Expenditure (2016/17 - 2019/20)**



From a closer look, it emerges that over the years, there has been some improvement in the number of companies meeting their CSR expenditure from within this sample. Only 26% of these companies met their CSR target in 2016/17, which further reduced to 17%. There was marginal improvement the next year 2018/19 with 29% of these companies meeting their CSR targets. So, **on average about 24% of EU businesses covered in this study were meeting the CSR expenditure targets** (spent equal to or over 100% of the prescribed CSR target). The performance of these EU companies, however, saw considerable improvement in 2019/20, as 60% of them met their CSR targets.

According to a **NITI Aayog DMEO Report (2021) on CSR trends in India**, it was found that on average only about **23% of all companies spent equal to or over 100% of the prescribed CSR target** in the five-year period between 2015-2019<sup>12</sup>.

<sup>11</sup> 'Prescribed CSR: For each Business this is calculated as 2% of profit as per Schedule 135 of the Companies Act 2013. Businesses in this category have to spend this 'prescribed' amount on CSR activities, as per the law. Whereas actual CSR expenditure is what the businesses as actually able to spend computed at the end of each financial year

<sup>12</sup> [https://dmeo.gov.in/sites/default/files/2021-11/Report\\_on\\_Social\\_Impact\\_Assessment\\_of\\_Corporate.pdf](https://dmeo.gov.in/sites/default/files/2021-11/Report_on_Social_Impact_Assessment_of_Corporate.pdf), pg. 43



The table below (Table 1) provides an overview of the *total (prescribed and actual) expenditure* made by the 77 companies covered in the study.

**Table1: Total prescribed and actual CSR expenditure**

Years	Prescribed CSR Expense (INR Crores)	Prescribed CSR Expense (Million Euros)	Actual CSR Expense (INR Crores)	Actual CSR Expense (Million Euros)
2016-17	273.5	34.18	245	30.62
2017-18	281	35.13	261	32.63
2018-19	287	35.88	281	35.12
2019-20	393	49.12	335	41.88

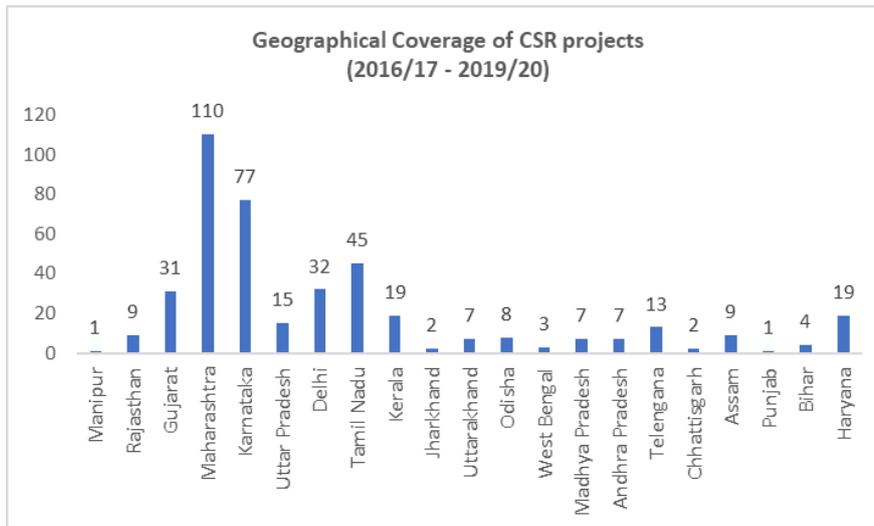
The *average total yearly expenditure* made by these companies over the *four years* was over Euro 35 million (INR 280 Crores)<sup>13</sup>. Assuming 400 to 500 EU businesses to fall under the mandatory 2% CSR expenditure category (i.e., Section 135 of Companies Act 2013), it is estimated that EU businesses spent between **EUR 200 to 250 million annually towards CSR expenditure in India**.

According to Government sources and date ([www.csr.gov.in](http://www.csr.gov.in)), in 2019-20 the total number of companies in India falling under the purview of Section 135 was 22,660 with a total expenditure of INR 24,861 Crore (Euro 2.79 billion). The number of companies was 25,094 while the total CSR expenditure was INR 20,150 Crore (Euro 2.26 billion) in 2018-19.

### 3.1.2 Geographical (State) Coverage

**421 CSR Projects** were undertaken by these **77 companies** across various parts of the country over these 4 years (2016/17 to 2019/20). Analysis of the ‘geographical coverage’ of these projects indicated the distribution to be rather **skewed** as shown in Figure 2 (below). A small number of States attracted a large chunk of the CSR projects, while a large majority of other States weren’t well covered. **295 out of 421 of these CSR projects (i.e., roughly 70%) were based in 4 States (Maharashtra, Karnataka, T.N., and Gujarat) and Delhi<sup>14</sup>**.

**Figure 2: Geographical Coverage of CSR Projects (2016/17 - 2019/20)**



<sup>13</sup> Conversion rate used 1 Euro = Rs 80

<sup>14</sup> This does not take into consideration projects whose geographical coverage mentioned was ‘Pan India’



In terms of **State-level coverage of CSR projects**, the following points emerged:

- **High coverage States:** The three states of **Maharashtra** (110/421 or 26%); **Karnataka** (77/421 or 18%) and **Tamil Nadu** (45/421 or 11%) together received 55% of these projects. **Delhi** (32/421 or 7.5%) and **Gujarat** (31/421 or 7%) were the two other states in top 5 recipients. This is also due to the fact that most of the EU businesses are located in these industrialised states and companies tend to prefer CSR projects closer to the geography.
- **Low coverage States:** States that have a high number of **aspirational districts** (112 most under-developed districts across the country)<sup>15</sup> like **Jharkhand**, **Chhattisgarh** and **Bihar** received 2, 2 and 4 projects respectively from these EU businesses over these four years.
- **No coverage States:** **9 States and 7 UTs had recorded no projects** in these years. Some of the ‘missed out States’ included the **North Eastern States** (except Assam and Manipur) and **Himachal Pradesh**.

When coverage of these 421 projects were juxtaposed with data from the **SDG India Index** reports of 2018-2020 (NITI Aayog), it emerged that **States that have consistently been performing badly on SDGs (so called ‘Laggard’ SDG States, see Figure 3 below), had received low level or no CSR projects from these EU businesses.** This included **Bihar, Chhattisgarh, Jharkhand, Meghalaya, Arunachal Pradesh, Nagaland, Tripura.**

**Figure 3: Little or No EU CSR projects in SDG ‘Laggard’ States**

EU Businesses (Low or No Coverage)		SDG India Index (Laggards)		
		2018	2019	2020
Bihar	Meghalaya	U.P.	Bihar	Bihar
Chhattisgarh	Mizoram	Bihar	Jharkhand	Jharkhand
West Bengal	Nagaland	Assam	Arunachal P	Assam
Jharkhand	Arunachal P	Jharkhand	Meghalaya	U.P.
Manipur	Tripura	Odisha	U.P.	Rajasthan
	Sikkim	Nagaland	Assam	Meghalaya
	Himachal P	Arunachal P	Mizoram	Arunachal P
	UTs (except Delhi)	Meghalaya	Chhattisgarh	Odisha
		M.P.	Rajasthan	Nagaland
		J&K	Nagaland	Chhattisgarh
		Tripura	Haryana	West Bengal
		Haryana	Tripura	M.P.

Note: States marked in ‘red’ were consistently performing poorly on SDGs, as per the SDG India Index reports 2018-20, NITI Aayog.

There are certainly opportunities for **these EU businesses to invest in CSR projects in these SDG Laggard States.** The 2021 NITI Aayog DMEO report had similarly found that in spite of **Jharkhand, Bihar, Odisha, Chhattisgarh, Uttar Pradesh and Madhya Pradesh** together constituting 60% of the ‘aspirational districts’ in India, these states had only received 9% of the total CSR expenditure between FY14-15 to FY18-19. This report underlined the **significant skewness** in coverage across States as has also been revealed from the current study. According to the NITI Aayog DMEO 2021 report, the top 5 States (Maharashtra, Delhi, Karnataka, Gujarat and Tamil Nadu), received nearly 80% of the CSR projects.

<sup>15</sup> <https://www.niti.gov.in/aspirational-districts-programme>



The CSR Rules encourage companies to give preference to local areas, and the above states constitute the most industrial states in the country where these companies are located. However, the preference to ‘local area’ is only suggestive not mandatory. Companies are expected to balance ‘local area’ preference with national priorities<sup>16</sup>.

Given the needs of the aspirational district, especially post COVID-19 the MCA could consider including some direction in subsequent CSR notifications<sup>17</sup> for companies to locate their CSR projects in ‘aspirational districts’ and/or States that contain them. Public Sector Undertaking (PSUs) have increased their investments in aspirational districts. EU businesses can explore partnership with PSUs and doing joint projects in these districts or the States where these districts are concentrated. EU businesses can also collaborate with CSOs already engaged in these districts either through EU co-financed projects or through directly supporting these CSOs.

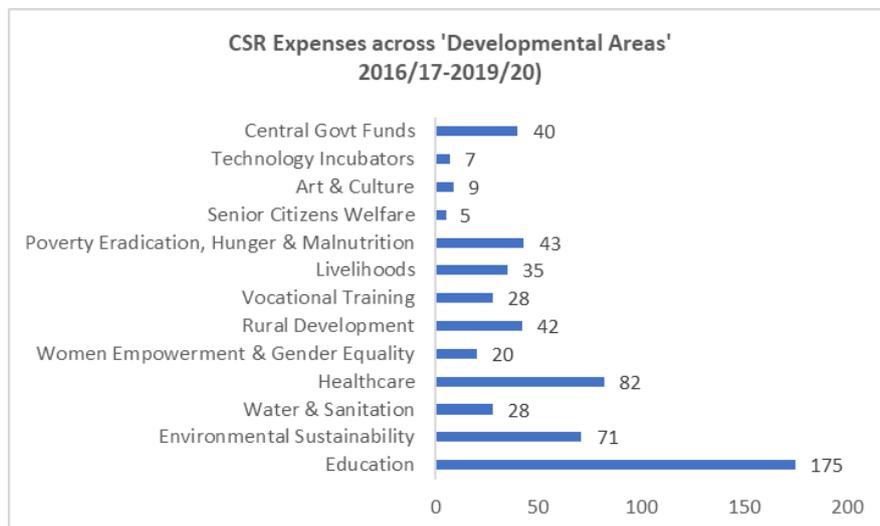
### 3.1.3 Developmental Areas<sup>18</sup>

585 projects across different ‘developmental areas’ (as defined by the Schedule VII of the Companies Act, 2013) were undertaken by these 77 EU businesses over these four years. The result of the analysis across these developmental areas is presented below:

- **Majority of businesses** invested either in **Education** (175/585 or 30%), followed by **Healthcare** (82/585 or 14%) and **Environmental stability** (71/585 or 12%)
- **Fewer businesses** were interested in **Poverty eradication, and hunger & malnutrition** (43/585 or 7%), **Rural development** (42/585 or 7%) and **Central Govt. Funds** (40/585 or 7%)
- **A much smaller segment of businesses** were interested in **Livelihoods** (35/585 or 6%), **Water & Sanitation** (28/585 or 5%), **Vocational Training** (28/585 or 5%), and **Gender Equality & Women empowerment** (20/585 or 3%)

*Education, Healthcare, Environmental Sustainability, Poverty Eradication Hunger and Malnutrition and Rural Development* were the **top 5 areas** that businesses were investing most of their CSR funds. These 5 areas **accounted for 70% of all the CSR projects undertaken by EU businesses over these four years** (see Figure 4 below)

**Figure 4: CSR Activities across Developmental Areas (2016/17 - 2019/20)**



<sup>16</sup> [https://www.mca.gov.in/Ministry/pdf/FAQ\\_CSR.pdf](https://www.mca.gov.in/Ministry/pdf/FAQ_CSR.pdf), of August 2021

<sup>17</sup> The most recent of these Notifications/Circulars was issued in August 2021 (ref: [https://www.mca.gov.in/Ministry/pdf/FAQ\\_CSR.pdf](https://www.mca.gov.in/Ministry/pdf/FAQ_CSR.pdf))

<sup>18</sup> As specified under Schedule VII of Companies Act 2013 – as designated issues/topic on which CSR projects can be designed and implemented

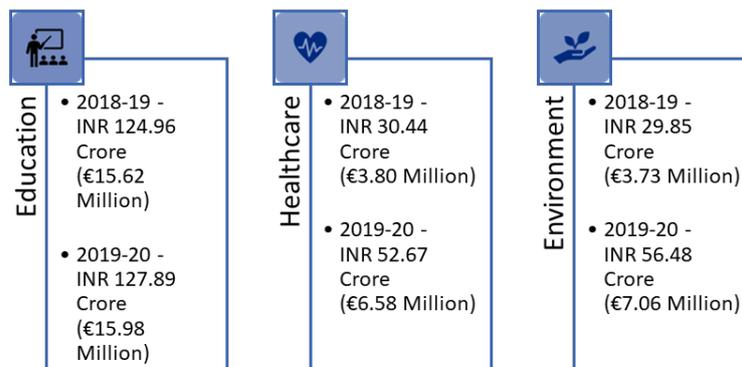


These findings were again well-aligned with the NITI Aayog DMEO (2021) report – wherein:

- i. Education was the top area attracting CSR investments;
- ii. The above-mentioned five developmental areas constituted a significant majority of all CSR investments. Some of the reasons attributed by companies to the above preference were: familiarity of these subjects/issues; ease of measurement of progress; availability of experienced and credible partners.

In order to assess the volume of investments going into the top 3 developmental areas, the data for the financial years 2018-19 and 2019-20 was further analysed. The data revealed that this set of EU businesses had contributed on an average about **Euro 15 million on Education for both these years. Funds allocated to Healthcare and Environment sustainability showed significant increase from about Euros 3.75 million in 2018-19 to well over Euros 6.75 million in 2019-20 (Figure 5).**

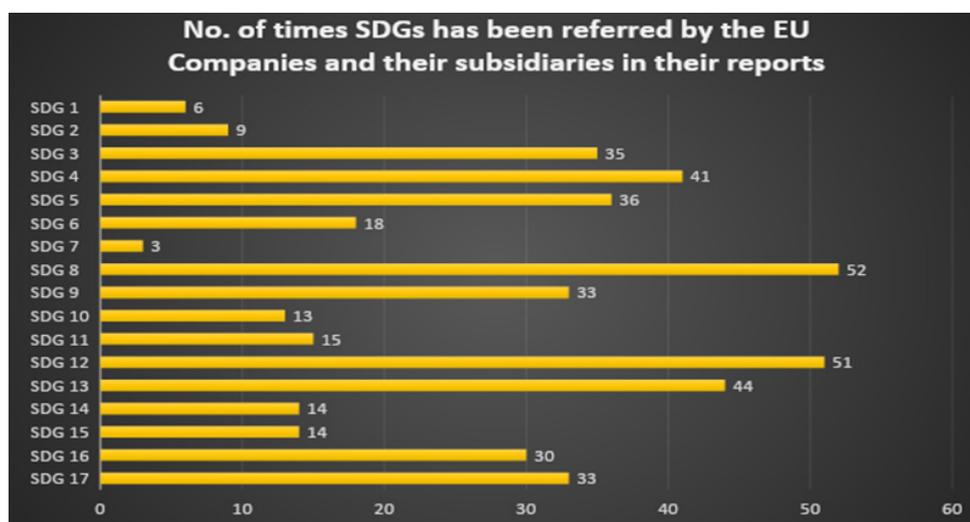
**Figure 5: Volume of CSR investment by EU businesses in top 3 areas (FY 2018 & 2019)**



### 3.1.4 Alignment with Sustainable Development Goals (SDGs)

Based on the analysis of Annual Reports, Sustainability Reports and Company websites of 64 EU Companies, it emerged that businesses were more inclined to certain SDGs than others as below (Fig 6):

**Figure 6: SDG Alignment of Select EU Businesses**





A number of Sustainable Development Goals (SDGs) are aligned with the priorities listed in the Strategic Partnership between EU and India (EU India Roadmap 2025), as presented below:

- Climate Change & Clean Energy (EE, RE, mobility) – SDGs 7 & 13
- Resource Efficiency & Circular Economy (focus on SMEs) – SDG 12
- Natural Resources & Biodiversity – SDG 14 & 15
- Sustainable Agriculture & Food Systems – SDG 2
- Sustainable Urbanisation – SDG 11
- Marine ecology and blue economy – SDG 14

Based on the above data (Fig 7), it is clear that while this set of EU businesses have aligned their business strategy and operations towards certain SDGs, **there are some SDGs where better linkages with business strategy/policy** was desired. The following classification highlights areas that these businesses will need to **maintain, strengthen and elevate** their interventions on specific SDGs.

- **Maintain:** Decent Work (SDG 8); Sustainable Consumption & Production (SDG 12); Climate Action (SDG 13)
- **Strengthen:** Gender (SDG 5) and Healthcare (SDG 3)
- **Elevate:** Sustainable Agriculture & Food systems (SDG 2); Natural Resources & Biodiversity (SDG 15); & Sustainable Urbanisation (SDG 11)

According to the NITI Aayog DMEO (2021) report, SDG3, 4, 8 and 9 have historically seen the maximum CSR expenditure by companies<sup>19</sup>.

There are several examples and years of experience of many EU businesses actively contributing toward specific SDGs In India, as illustrated below:

- Some EU businesses have selected **women's empowerment** as a key outcome area – and have invested in training and skill-building young women to help them find suitable income opportunities especially those from vulnerable communities.
- In the field of agriculture, several EU businesses have been working across the **agriculture value chain**, starting from promoting good agricultural practices; to empowerment of farmers especially the marginal farmers/smallholders and their families; to investing in post-harvest technologies and processing to enable value-addition and better returns for the farmers.
- A number of leading EU businesses have engaged heavily on **water, sanitation and hygiene** and have been key partners of the Government of India's Swachh Bharat Abhiyan programme.
- The India-EU Urban Partnership initiative provided opportunities for EU businesses to engage directly on the agenda of **sustainable urbanisation**.
- EU businesses have also contributed actively and significantly to **COVID-19** response in India. Some Members States have documented the contribution of their businesses to meet the post pandemic needs of people and communities across India.

Over the years, a number of EU Member States and Bilateral Chambers have taken active interest on the subject of sustainability, responsible business. Some of the bilateral chambers including The Netherlands<sup>20</sup> (Embassy of Netherlands in India); Denmark<sup>21</sup> (India Danish Chamber of Commerce); Italy<sup>22</sup> (The Indo Italian Chambers of Commerce and Industry); etc. have designed initiatives for businesses from their home countries on sustainability and SDGs in India.

<sup>19</sup> Ibid

<sup>20</sup> INDUS-Forum established as a platform for Indian and Dutch businesses on CSR and Sustainability, refer details at: <https://futureproof.community/subcommunities/indus-forum-en>

<sup>21</sup> Green Strategic Partnership between Denmark and India (September 2020) is available at: <http://idcc.network/wp-content/uploads/2017/12/joint-statement-for-green-strategic-partnership-for-india-and-denmark.pdf>

<sup>22</sup> The Italian Platform for Sustainability (TIPS) is a platform to give support and visibility to Italian companies in the area of sustainable business. Details available at: <https://www.indiaitaly.com/theitalian-platformforsustainability>



## Box 1: INDUS-Forum

The Embassy of Netherlands in India and CRB had jointly conceptualised and designed the Indo-Dutch CSR & Sustainability Forum (INDUS-Forum) in 2017. The aim of this platform was sharing of best practices and exchange of ideas among Dutch and Indian companies and stakeholders on CSR and Sustainability. This was developed in the background of a collaboration between Governments of India and the Netherlands on CSR and Corporate Governance. This platform endeavoured to promote and facilitate dialogues, debates and thought leadership on substantive aspects of CSR and Sustainability among businesses and relevant stakeholders of the two countries (India and The Netherlands), especially in the context of trade and investment flows between the two countries.

Given the context and its goal ('To make all trade and investments between India and the Netherlands Sustainable'), INDUS-Forum received considerable attention from the Dutch Government - and was also included in the agenda of Dutch Trade Missions to India in 2018 and 2019. The initiative was subsequently managed by MVO Nederland – a reputed Dutch NGO which convenes a network of Dutch businesses committed to CSR and Sustainability, globally. The platform had shaped up well and created considerable interest among stakeholders. It seems to have capitalised on a 'latent' interest for collaboration between Indian and Dutch stakeholders on the topic. Further, the activities of the platform were designed to be undertaken in select key sectors of mutual interest - textiles, IT/electronics and agriculture. Further details about the INDUS-Forum is available on <https://futureproof.community/subcommunities/indus-forum-en>, which indicates a total of 234 members and 70 organisations to have been involved in the initiative.

While it started off as an exciting platform engaging a wide array of stakeholders on the topic, over time some of the elements of stakeholder engagement and public interface in India seem to weaken especially among CSR and Sustainability stakeholders in India. The following lessons can be drawn from the INDUS-Forum initiative for the future:

- Being managed and coordinated remotely (MVO Nederland, based in Utrecht) without a permanent local partner specialising on CSR and Sustainability in India was a design problem. Different organisations were involved in undertaking 'tasks' from time to time.
- There was lack of a clear and structured 'governance system' of this forum.
- The forum was designed to enable learnings and experiences to address needs/challenges pertaining to CSR and Sustainability. However, over time (as is evident from the above link), it seems to have evolved into a match-making platform for Dutch sustainable businesses initiatives/start-ups to find partners in India.
- Though a virtual interface was created, INDUS-Forum was not able to keep all relevant stakeholders equally informed about its progress especially in India.
- Lack of a long-term strategy for sustenance of the platform. It was included under a time-bound project being implemented by MVO Nederland. Attention to INDUS-Forum waned after this project was over.
- Limited interface with Indian policymakers and developments related to CSR and Sustainability



Some of the Bilateral Chambers have been publishing reports, assessments of their businesses on CSR and sustainability in India. Some of the studies available in the public domain are:

- Indo French Chambers of Commerce and Industries (2020) report on CSR Contribution and Initiatives by Member Companies<sup>23</sup>
- Indo German Chambers of Commerce (2019) publication showcasing the CSR interventions of 25 German companies in India<sup>24</sup>,
- A report by Swedish Chambers of Commerce India analysing contribution of Swedish Companies in the states of Maharashtra and Gujarat<sup>25</sup>

## Box 2: CSR and SDG Alignment of the Studied EU Businesses - At a Glance

- Over 91% of the prescribed CSR budget was being met by the studied set of EU companies.
- Only about 24% of these businesses had met the CSR expenditure targets over the three years between 2016-17 to 2018-19. This improved significantly to 60% in 2019-20.
- The average total yearly expenditure made by these companies over the four years was over Euro 35 million
- The study estimates, the total annual CSR expenditure made by all EU businesses in India to be between Euros 200million to 250 million
- Roughly 70% of 421 projects (analysed over the four years) were located in Maharashtra, Karnataka, Tamil Nadu, Gujarat and Delhi
- States that have consistently been performing badly on SDGs (so called 'Laggard' SDG States), had received low or no CSR projects from these EU businesses. This included Bihar, Chhattisgarh, Jharkhand, Meghalaya, Arunachal Pradesh, Nagaland, Tripura
- Education, Healthcare, Environmental Sustainability, Poverty Eradication Hunger and Malnutrition and Rural Development were the top 5 areas that businesses were investing most of their CSR funds. These 5 areas accounted for 70% of all the CSR projects undertaken by EU businesses over these four years.
- while this set of EU businesses have aligned their business strategy and operations towards certain SDGs, there are some SDGs where better linkages with business strategy/policy was desired (viz. SDG2, 3, 5, 11 and 15)

<sup>23</sup> <https://en.calameo.com/read/004601149276dfa9d782a>

<sup>24</sup> [https://www.giz.de/en/downloads\\_els/2019\\_CSR\\_Brochure.pdf](https://www.giz.de/en/downloads_els/2019_CSR_Brochure.pdf)

<sup>25</sup> <http://swedishchamber.in/sites/default/files/A%20Green%20Journey.pdf>



## 3.2 Towards a EU Businesses Platform on CSR and Sustainability in India

One of the objectives of this study was to conceptualise a platform for EU companies to collaborate, facilitate and leverage experiences on CSR and Sustainability. The CRB team interacted with a number of senior representatives from EU businesses, Member States, bilateral chambers of commerce and select stakeholders over the course of the study to examine the potential of this platform and its key design features. These interactions were in the form of one to one (structured) meeting; few focussed group discussions and a roundtable workshop involving multiple stakeholders organised during the 8th annual sustainability conference of CRB (*India and Sustainability Standards 2021*)<sup>26</sup>.

A number of EU Member States have over the years adopted legal frameworks that enable businesses to dive deep into their value chains to prevent and mitigate potential environmental, social and economic/governance related risks. The upcoming EU Corporate Sustainability Due Diligence Directive<sup>27</sup> is expected to create a unified and consistent mechanism for all EU businesses to design and perform such interventions in their value chains, globally. As indicated earlier, India is one of EU's key trade and investment partners globally. The EU-India FTA will provide further fillip to this relation and create an opportunity to harmonise trade and commercial with sustainability related initiatives.

The timing is therefore ideal for a business-led platform that would bring all EU businesses and related stakeholders in India together to understand and get adapted to this new and evolving order. Synchronised actions focusing on measurable sustainability impacts would create a win-win both for the businesses and the stakeholders or beneficiaries in India.

### 3.2.1 Rationale for a EU Businesses Platform on CSR & Sustainability in India

The following 'factors' have been drawn from the analyses presented in the earlier section, that make EU businesses a key partner on Sustainability and SDGs in India. Based on these *factors* this study advocates promoting a **EU Businesses Platform** to strengthen **CSR and Sustainability** action in India:

- i. **Strategic backing*** – The EU India Roadmap 2025 provides the required policy and strategic backup for EU businesses to engage with Indian stakeholders including the Government on sustainable development/SDGs. This roadmap is an indicator that the two partners are not only interested in further deepening trade and economic ties, but also to collaboratively pursue common sustainability outcomes.
- ii. **Enabling Environment*** – The evolving landscape on sustainable development and on business and human rights in EU and a number of EU Member States provides considerable motivation to EU businesses to strengthen their initiatives on sustainability along their value chains covering important trade and investment partner like India. Further, policy and regulatory developments in India on CSR, sustainability and responsible business underline opportunities for EU businesses to position themselves as leading partners/collaborators with Indian stakeholders on sustainable development through responsible business.
- iii. **Existing experiences*** – A number of EU businesses and Member States (e.g., France, Germany, Netherlands, Denmark, etc.) have significant experience on sustainability/SDGs in India and of working in partnership with various stakeholders across the country. This knowledge and experience can be useful and motivational for other EU businesses interested in these areas in India.

<sup>26</sup> <https://vimeo.com/641110221/02abaf281a>

<sup>27</sup> [https://ec.europa.eu/commission/presscorner/detail/en/ip\\_22\\_1145](https://ec.europa.eu/commission/presscorner/detail/en/ip_22_1145)



- iv. ***Interest of EU Businesses*** – Over the course of this study and the interactions with the various EU businesses and industry stakeholders, it was clear that there is a growing interest on the subject, as the ‘business case’ for sustainability/SDGs permeates to a larger set of EU businesses and stakeholders in the country.
- v. ***Need for a Collaborative space*** – A number of representatives from EU businesses and Member States pointed towards the need for greater collaboration and sharing of experiences and learnings on CSR and sustainability in India. While a few EU Member States have explored collaborative initiatives, there was a ‘felt need’ to expand such opportunities across a wider set of businesses and stakeholders. Such a collaborative space not only enhances the visibility of EU as a champion on CSR/responsible business, but also inspire Indian companies and scale-up the development impacts nationally.
- vi. ***Financial ability*** – EU Companies have been making substantial contributions towards sustainable development in India both through their CSR activities and various responsible business related initiatives. The scope for financial leverage is expected to be large considering the investment made by the EU businesses on CSR and Sustainability related initiatives in India.

### 3.2.2 Functions of EU Businesses Platform on CSR & Sustainability

Various possible *functions* of such a **EU Business Platform on CSR and Sustainability** could be considered, as presented below:

- ***Address implementation bottlenecks:*** A number of businesses felt that the platform could help address certain implementation bottlenecks, e.g., identification of credible implementation partners; understanding local policy environment; monitoring and evaluation of projects, undertaking impact assessment studies; etc.
- ***Collective representation to Government of India:*** EU businesses and stakeholder felt there was a void in India when it comes to a EU level platform for collective representation to Government of India interlocutors, for example the Ministry of Corporate Affairs - leading CSR and responsible business agenda in the country; NITI Aayog – the custodians on SDGs related strategies and implementation in India. Currently there is no such representation available to engage with MCA, NITI Aayog and other such policy actors in India on CSR, sustainability and SDGs.
- ***Demonstrate impacts on CSR and Sustainability:*** Analysis of the CSR sample data underlined limited CSR activities in a number of States and across some development areas. Further, there seems to be limited targeting of certain SDGs across sustainability initiatives by the EU companies. This offers great opportunity for the platform to support EU businesses expansion into States, development areas, SDGs that have not been well covered. Designing such impact-oriented interventions would also help EU businesses in achieving the goal of the Union’s new Due Diligence Directive. The EU-India Roadmap 2025 can be a useful reference in targeting specific SDGs.
- ***Go-to place for Knowledge and Tools:*** There is a wide variety of metrics and tools available on CSR, Sustainability and Sustainable Value Chains for application by businesses today. However, there is little advice available about their credibility and efficacy. The platform can create a theme or sector-wise repository of such tools, metrics especially those which are easily accessible.



- **Leveraging Joint Actions:** Collaboration and Partnerships will remain a key result area of the platform. Joint actions can help achieve scale and address risks better.
- **Visibility of EU businesses:** The platform would offer the enormous opportunity to promote EU businesses' visibility not only among policy actors and decision-makers, but also to a wider audience.
- **Showcasing and promoting:** Promoting EU businesses' contribution to CSR, sustainability and SDGs in/with India, and the actual impact of those contributions will be a critical function of this platform. This would be achieved through annual flagship events, CSR and Sustainability awards, sector specific conclaves, state specific CSR/Sustainability promotion, etc.
- **Innovative financing models:** The platform may offer opportunities to leverage financial resources (for example blended finance, sustainable finance and other emerging innovative financing mechanisms) as well as effectively use the scarce resources to optimise the developmental impacts.
- **Strengthen Policy Interface:** Being informed about and collectively contributing to relevant government initiatives and policy-related processes on CSR, sustainability and SDGs (global, EU, national, state and sub-national level).

### ***3.2.3 Added value of EU Business platform on CSR and Sustainability***

Such a platform can be characterised by the following value-additions:

- **Partnership** – It would help in fostering outcome-driven partnerships and collaboration involving different EU businesses, stakeholders and implementing partners in India. Going beyond 'branding', and focusing on genuine partnerships will be key to promote shared values.
- **Impact Orientation** – Working together to achieve wider and deeper impact, within the same industry, sector and state, as well as across SDGs will be at the core of this platform. Partnering together to find solutions to complex SDG-oriented challenges, with some of the issues requiring long-term engagement and commitment.
- **Experiential** – Its added value would be to build on and draw from the rich existing experiences from earlier initiatives of EU Businesses
- **Agile** –It is crucial to collaborate decisively and fast especially in times of crisis. Hence an ability to activate contacts and networks and mobilise all sorts of resources within a short period of time remains key. There have been ample instances of EU businesses responding to post-pandemic needs of the people and communities in India. Hence a key feature of the platform would be its ability to act quickly and decisively in the event of possible future 'shocks'.
- **Inclusive** – An important characteristic of this platform would be its openness and inclusivity, especially in terms of knowledge, engagements and positioning. The platform will focus especially on practices in mainstreaming gender, disability and interest of vulnerable sections. The platform will be easily accessible for targeted stakeholders to engage and participate in



## 3.2.4 Salient design features

This section provides an overview of the Governance, Functions and Key Success Factors of the proposed platform.

### Governance:

- **Steering Committee:** A 5-to-6-member Committee comprising representatives of EU Delegation, EU businesses and select Indian experts to provide strategic direction and be accountable for the platform
- **Members:** Membership shall be open to all relevant stakeholders and free for the first two years. Working with the Secretariat, the Steering Committee will ensure that targeted stakeholders are onboarded.
- **Thematic Areas & Working Groups:** 2-3 key issues (e.g. - policy engagement, implementation, impacts, capacity building, etc.) are identified as ‘thematic areas’ and ‘working groups’ are formed on each of them – with allocation of roles and responsibilities of the ‘Lead & Co-Lead’ of these Working Groups and their members
- **Secretariat:** An independent secretariat would be responsible for managing the day-to-day activities of the platform, and be accountable to the Steering Committee
- **Guiding Principles:** A set of guiding principles would be drawn up to ensure transparency, accountability and inclusivity of the platform

### Functions:

- Share knowledge, good practices, tools and expertise (topics, sectors)
- Better communicate EU business’ contribution on CSR and Sustainability
- Engage with relevant Government agencies (national, state, local) on policies, processes, compliances, and local actions
- Facilitate partnerships and jointly funded activities (specific geographies, sectors and developmental areas)
- Act as a binding force and help scale-up impacts on the ground and for all actors
- Facilitate capacity building and support especially on contemporary technical issues viz. Sustainable Value Chain, Human Rights Due Diligence; SDG Impacts, etc.
- Promote visibility through flagship events, awards, recognitions, promotional videos, case studies, podcasts and through active social media presence.



**Key Success Factors:**

Below are a set of key success factors aligned with some of the ‘value additions’ of the platform explained above. These factors will be crucial for long-term sustenance of the platform. A number of measurable indicators are suggested (in the table below) against each of these factors, to help periodically assess the efficacy of the platform.

**Table 2: Key Success Factors with Indicators (Platform)**

Key Success Factors	Measurable Indicators
Ownership	<ul style="list-style-type: none"> <li>• Active participation by members in developing, co-creating and/or implementing ‘annual workplans’ (member driven)</li> <li>• Consistent membership growth over time</li> <li>• Clear governance structures with proper allocation of responsibilities between the governance and executive arms</li> </ul>
Inclusivity	<ul style="list-style-type: none"> <li>• Equal opportunities for all EU businesses (no entry or exit barriers)</li> <li>• Equal attention to ‘needs’ of different-sized businesses including large, medium and small</li> <li>• Balanced attention to issues crucial to both India and EU on CSR and Sustainability</li> <li>• Ensure engagement of multiple stakeholders</li> </ul>
Purposeful	<ul style="list-style-type: none"> <li>• Clear aims, objectives, thematic-areas and workplan</li> <li>• Well explained Theory of Change (ToC) with well-defined goal and results (in each ‘thematic area’)</li> <li>• Specific policy and practice related result areas</li> </ul>
Visible	<ul style="list-style-type: none"> <li>• Active social media presence</li> <li>• Attention to external and internal communications</li> <li>• Events and activities attract attention of relevant stakeholders</li> </ul>
Relevant	<ul style="list-style-type: none"> <li>• Focus on contemporary topics in its ‘workplans’ like circular economy, sustainable value chains, business and human rights, climate resilience, etc.</li> <li>• Activities promote collaboration between EU businesses and other stakeholders</li> <li>• Tailor-made capacity building activities</li> <li>• Certainty of long-term financial support/resources</li> </ul>



# 4. Conclusion and Recommendations

## 4.1 Conclusion

- Both business and Governments of the two partners (India and EU) are committed not only to deepen trade and commercial relations, but to do so in a sustainable and inclusive manner. In pursuit of these objectives, robust policy frameworks and regulations are being developed in both places. EU businesses have rich experiences of promoting sustainability along their entire supply/value chains and beyond. Designing and implementing innovative and ambitious partnerships involving Indian stakeholders will help achieve some of the most pressing sustainability outcomes.
- It is evident from the study that EU businesses have been contributing significant financial resources to CSR and sustainability initiatives in India (as estimated by this study, it is likely to be around Euros 200million to 250million, annually). There are considerable opportunities for these businesses to innovate and collaborate for achieving scaled-up impacts. Such impacts can be pursued for example in some of the States (specifically in aspirational districts) which have struggled on some of the SDG National Indicators.
- Development of a EU businesses platform on CSR and Sustainability will create a much needed ‘go-to’ place to coordinate, coalesce and position business actions on CSR, Sustainability and SDGs in India. Based on earlier experience, it is clear that the efficacy and long-term sustenance of the platform will depend on its governance structure, ability to meet the demand of members and achieve measurable local impacts. Though the platform would be meant for businesses, it should accommodate inputs from multiple stakeholders to enable scaling up of impacts where most needed. Ensuring participation of EU and Indian stakeholders would help balance the interest of both the partners taking into consideration culture, context and ground-level realities.

## 4.2 Recommendations

- EU Delegation to India should use the findings of this study and the momentum achieved, in engaging with EU Member States, Chambers and EU businesses on the idea of and benefits from the EU platform on CSR, Sustainability and SDGs in India.
- This platform is an emerging opportunity for the EU Delegation to India to facilitate partnerships which not only ensures compliances with respect to Indian CSR law and EU Corporate Due Diligence Directive but also promotes EU values towards promoting responsible business, globally.
- The Delegation should support further studies that highlight CSR and Sustainability related opportunities on specific themes and/or sectors of interest to both India and the EU.
- An immediate need is to focus on capacity building of industry stakeholders on the EU Corporate Sustainability Due Diligence Directive, specifically in terms of its operationalisation across value chain in India
- The EU Delegation should organise from time to time, business events and consultations on contemporary issues of mutual interest, viz. CSR, circular economy, sustainable finance, climate resilience, biodiversity conservation, etc.



# 5. Annexures

## Annexure 1: EU Stakeholders who Participated in Meetings and Discussions

1.	Nunhems India Pvt Ltd
2.	Novozymes South Asia Pvt Ltd
3.	Duravit India Private Limited
4.	Ceva Polchem Pvt Ltd
5.	Royal DSM NV
6.	Danieli
7.	DSM
8.	Daimler AG
9.	Ferrero
10.	Tecnimont Pvt. Ltd.
11.	Glanbia
12.	Sarens
13.	AkzoNobel
14.	RaboBank
15.	H&M
16.	Nokia
17.	Capgemini
18.	Pernod Ricard India Pvt. Ltd.
19.	CHR Hansen
20.	Sodexo
21.	Delegation of European Union in India
22.	Indo-German Chamber of Commerce
23.	Indo-Italian Chamber of Commerce & Industry
24.	Embassy of The Kingdom of the Netherlands
25.	Netherlands India Chamber of Commerce & Trade
26.	European Business and Technology Centre
27.	European Business Group



## Annexure 2: List of EU Companies whose CSR Data was Analysed (4 years)

1.	Ikea Services India Private Limited	40.	Disa India Limited
2.	Fiat India Automobiles Private Limited	41.	DSV Air & Sea Private Limited
3.	Carraro India Private Limited	42.	Gea Process Engineering (India) Private Limited
4.	Piaggio Vehicles Private Limited	43.	Grundfos Pumps India Private Limited
5.	Ericsson India Private Limited	44.	Novozymes South Asia Pvt Ltd
6.	SKF India Limited	45.	Hempel Paints (India) Private Limited
7.	ABB Global Industries & Services Private Limited	46.	Vestas Wind Technology India Private Limited
8.	ABB India Limited	47.	L'Oreal India Private Limited
9.	Tetra Pak India Private Limited	48.	Schneider Electric Systems India Private Limited
10.	DHL Logistics Private Limited	49.	Pernod Ricard India Private Limited
11.	DHL Express (India) Private Limited	50.	Airbus Group India Private Limited
12.	BASF India Limited	51.	Saint-Gobain India Private Limited
13.	Robert Bosch Engineering and Business Solutions Private Limited	52.	Renault Nissan Technology & Business Centre India Private Limited
14.	Bayer Crop Science Limited	53.	Sodexo Facilities Management Services India Private Limited
15.	Bayer Vapi Private Limited	54.	Dassault Systems India Private Limited
16.	Bayer Bioscience Private Limited	55.	Swarovski India Private Limited
17.	Bayer Zydus Pharma Private Limited	56.	Andritz Hydro Private Limited
18.	Bayer Pharmaceuticals Private Limited	57.	Nokia India Sales Private Limited
19.	Braun Medical (India) Private Limited	58.	Kone Elevator India Private Limited
20.	Carl Zeiss India (Bangalore) Private Limited	59.	Wartsila India Private Limited
21.	Henkel Adhesives Technologies India Private Limited	60.	Tieto IT Services India Private Limited
22.	Durr India Private Limited	61.	H and M Hennes & Mauritz India Private Limited
23.	Kluber Lubrication India Private Limited	62.	Volvo India Private Limited
24.	Busch Vacuum India Private Limited	63.	Shell India Markets Private Limited
25.	ThyssenKrupp Industrial Solutions (India) Private Limited	64.	Philips India Limited
26.	Thyssenkrupp Industries India Private Limited	65.	Akzo Nobel India Ltd
27.	Thyssenkrupp Elevator (India) Private limited	66.	DSM India Private Limited
28.	Siemens Industry Software (India) Private Limited	67.	East West Seeds India Pvt Ltd
29.	Siemens Technology and Services Private Limited	68.	Hindustan Unilever Limited
30.	Volkswagen India Private Limited	69.	Stahl India Pvt Ltd
31.	Gebr.Pfeiffer India Private Limited	70.	Inditex Trent Retail India Private Limited
32.	Pfeiffer Vacuum (India) Private Limited	71.	Acciona Wind Energy Private Limited
33.	Novo Nordisk India Private Limited	72.	Mahindra Cie Automotive Limited
34.	Novo Nordisk Service Centre (India) Private Limited	73.	Johnson Controls (India) Private Limited
35.	Maersk Line India Private Limited	74.	Johnson Controls Automotive Limited
36.	F L Smidth Private Limited	75.	Ingersoll-Rand (India) Limited
37.	COWI India Private Limited	76.	Ingersoll - Rand Technologies and Services Private Limited
38.	Danfoss Power Solutions India Private Limited	77.	Zimmer India Private Limited
39.	Danske IT & Support Services India Private Limited		



## Annexure 3: List of Sustainability Reports and References (Companies)

1.	L'Oreal
2.	Philips
3.	H&M Group
4.	Volvo Group
5.	Schneider Electric
6.	Sanofi
7.	Renault-Nissan-Mitsubishi Alliance
8.	Dassault Systèmes
9.	Sodexo
10.	Bosch
11.	Shell
12.	Fiat Chrysler Group
13.	Volkswagen
14.	Swarovski
15.	Ericsson
16.	Nokia
17.	SKF
18.	IKEA
19.	Tetra Pak
20.	Piaggio Vehicles
21.	Carraro
22.	Bayer
23.	Carl Zeiss India Private Limited
24.	Henkel
25.	Durr
26.	Kluber Lubrication
27.	Danfoss
28.	FL Smidth
29.	Inditex
30.	Acciona
31.	Ingersoll Rand
32.	CIE Automotive
33.	Zimmer Biomet
34.	Johnson Controls
35.	Akzo Nobel
36.	DSM
37.	East West Seeds
38.	Unilever

39.	Stahl
40.	Kone Elevator
41.	Pernod Ricard
42.	Novozymes
43.	DHL
44.	Grundfos
45.	Hempel
46.	Airbus
47.	Cowi
48.	B Braun
49.	Pfeiffer Vacuum
50.	A. P. Moller – Maersk
51.	Vestas
52.	Novo Nordisk
53.	Tietoevry
54.	Siemens
55.	DISA Group
56.	DSV
57.	ABB Group
58.	GEA Group
59.	Wartsila
60.	Saint Gobain
61.	ThyssenKrupp
62.	BASF
63.	Andritz Group
64.	Danske



# Annexure 4: Study Terms of Reference

Ref. Ares(2020)4506380 - 31/08/2020

## ANNEX II: TERMS OF REFERENCE

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## 1.0 BACKGROUND INFORMATION

### 1.1 Partner Country

India

### 1.2 Contracting Authority

The Delegation of the European Union to India and Bhutan.

### 1.3 Country Background

#### 1.3.1 Background on EU-India Development Cooperation

The fundamental objectives of EU development policy are to reduce poverty and to help ensure sustainable economic, social and environmental development. The EU and India have had a strong partnership for decades and EU-India development cooperation activities have been implemented under the 1994 Development Cooperation agreement which was further strengthened in 2004, through the EU-India Strategic Partnership. Since then EU development cooperation assistance has amounted to €940 million for activities being undertaken in India.

In 2014, EU's bilateral funds for development assistance to India, under the Development Cooperation Instrument (DCI), were discontinued following India's graduation to a middle-income country status. EU funds however remain available for activities in India from the EU regional programmes and thematic instruments, which promote collaborations with and between different stakeholders including civil society organisations and International Organisations. In addition, the EU's Partnership Instrument provides resources for engagement in jointly identified strategic areas for cooperation between India and the EU.

The 15<sup>th</sup> India-EU Summit<sup>1</sup> held recently on 15<sup>th</sup> July 2020, witnessed both sides committing to enhancing cooperation for the implementation of the 2030 Agenda for Sustainable Development, to revive the EU-India Development Dialogue and to create synergies in their respective cooperation with other countries. Both India and EU, endorsed a common roadmap "EU-India Strategic Partnership: A Roadmap to 2025" to guide joint action and further strengthen the EU-India Strategic Partnership over the next five years.

In response to the commitment under the Addis agenda for action and in trying to contribute with innovative financing for development, the EU has successfully added blending to its development cooperation initiatives and is promoting investments for tackling a range of economic, social and environmental challenges. In the context of India, the EU has thus moved beyond traditional assistance mechanisms and currently works closely with European Development Banks through blending initiatives that leverage additional funding from private sector for nationally identified development needs, such as smart cities, sustainable urbanisation and solar parks, including actions that pertain to reduction of carbon emissions.

The EU also works with Indian and European CSOs and Local Authorities (municipalities), towards strengthening governance, transparency and enhancing decentralisation aspects, but also ensuring coherence by aligning these activities with the areas identified by the India-EU Summits (e.g. water, clean energy, climate change mitigation and adaptation, urbanisation). The shrinking civil society space as well as restrictions on accessing foreign fund poses constraints for Indian CSOs to access development funding. With the introduction of mandatory Corporate Social Responsibility (CSR) Act in 2014, new opportunities have opened for Indian CSOs to work with CSR funding.

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<sup>1</sup> [https://eeas.europa.eu/sites/eeas/files/eu-india\\_strategic\\_partnership\\_a\\_roadmap\\_to\\_2025.pdf](https://eeas.europa.eu/sites/eeas/files/eu-india_strategic_partnership_a_roadmap_to_2025.pdf)



The COVID-19 pandemic constitutes an extraordinary challenge, which makes partnerships and strengthened collaboration regionally and globally even more essential. The EU has already committed to a global response package of €20 billion to support countries' efforts in fighting the pandemic. The socio economic impact of covid19 pandemic in the Indian context is unprecedented. The informal sector and the dependant migrant labourers are the ones worst impacted by the pandemic. A recent study by CRISIL informed that the Indian companies has already spent Rs 7,500 crore (circa EUR 0.9 billion) as corporate social responsibility obligations directed to address the Covid-19 pandemic since March, 2020. The significance and the relevance of CSR and sustainability is extremely important in the current covid19 context.

#### 1.4 Current situation in the sector

**1.4.1 EUs engagement with Private Sector and Corporate Social Responsibility** Private sector engagement in development processes lies at the heart of the European Union's development agenda, reflecting the enormous potential as a driver of sustainable and inclusive economic growth, job creation and poverty reduction. The private sector contributes 84% of GDP and 90% of jobs in developing countries and is ideally placed to improve the lives of the vulnerable and deliver on the promise of sustainable and socially inclusive economic development. The impact of EU development support is magnified by involving the private sector in action-oriented public-private dialogue at the level of policy formulation and engaging the private sector as an implementing and financing partner at the project implementation stage.

Over the last decade, European Commission support for private sector development has averaged EUR 350 million per year and the current Multiannual Financial Framework for 2014-2020 contains approximately EUR 2 billion for the aforementioned sector. This, combined with development assistance from Member States, makes the EU a key player in supporting local private sector development in partner countries. The EU is also starting to use innovative financial instruments such as guarantees to boost SME lending by commercial banks, and risk capital to invest in funds that lend on or invest in SME projects. Scaling up of blending in cooperation with development finance institutions also facilitates the involvement of the private sector as a source of finance.

In India, the EU is the largest trading partner with a total trade value in goods (import and export) of over USD 80 billion in 2019. The EU's share in foreign investment inflows to India more than doubled from 8% to 18% in the last decade, making the EU the first foreign investor in India. There are more than 6,000 EU companies established in India, providing directly 1.7 million jobs and indirectly 5 million jobs in a broad range of sectors. Hence trade and sustainable development (TSD) is an important issue for the EU in its overall trade-related policy and practice.

The European Commission promotes Corporate Social Responsibility (CSR) in the EU and encourages enterprises to adhere to international guidelines and principles, notably the following:

- ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (ILO MNE Declaration),
- the OECD Guidelines for Multinational Enterprises (OECD MNE Guidelines) and
- the UN Guiding Principles on Business and Human Rights (UN Guiding Principles).

Corporate Social Responsibility is defined by the European Commission as the responsibility of enterprises for their impact on society and, therefore, it should be company led. Companies can become socially responsible by integrating social, environmental, ethical, consumer and human rights concerns into their business strategy and operations and by following the law.

The EU's policy is built on its 2011 renewed strategy for CSR, which aims to align European and global approaches to CSR. This strategy stresses the importance of enhancing the visibility of CSR and disseminating good practices, through the integration of CSR into education, training, and research. The strategy also improves self and co-regulation processes and companies' disclosure of social and environmental information.



Considering the number of EU companies and its subsidiaries operating in India, the mandatory CSR law introduced during 2014 in India, also compels these companies and its subsidiaries to demonstrate their corporate social responsibility. The contribution of the CSR and sustainability resources by the EU companies and its subsidiaries in India is not yet assessed or known. There is therefore large potential for EU private sector financing, through CSR and Sustainability contributions, to significantly contribute to Sustainable Development Goals (SDGs) in India. This study is specifically intended to map the EU CSR / Sustainability<sup>2</sup> resources in India. The study should also suggest an institutional mechanism in leveraging, facilitating and coordinating the engagement with EU CSR companies for the purpose of improved coordination and contribution to the achievement of SDGs. The framework could also feed into the process of national action plan on business and human rights in India. .

### 1.5 Related programmes and other donor activities

There are many institutional Corporate Social Responsibility (CSR) platforms for Indian companies, however no such initiatives exists to coordinate CSR / sustainability initiatives amongst European companies in India, with the only exception of India-Dutch Sustainability forum (INDUS Forum)<sup>3</sup>, an initiative to promote sustainable and inclusive trade relations between Indian and Dutch companies. The study will focus on identifying this niche and the added value of establishing such platforms in India.

The European Business Group (EBG)<sup>4</sup> in India has recently established a 'Committee on Corporate Social Responsibility'. The EBG- CSR Committee intends to join forces to share best practices, propose bigger joint projects and give more visibility to the projects also under the EU logo. Besides EBG, an European Economic Group (EEG) was launched in 2019 – as a working group positioned as the single European business voice in India, aimed at enhancing Europe India business cooperation. The study will explore such initiatives by consulting EU Member States, EU Chamber of Commerce and Private Companies and conceptualise the institutional platform defining its role, functions, added value, governance structure etc.

EU is currently supporting a project through Foreign Policy Instrument (FPI) implemented by EBTC (European Business Technology Centre)<sup>5</sup>. The project engages primarily in the areas of focal EU-India policy dialogues from a business perspective, and supports EU businesses by giving them a platform to showcase their innovative practices and technologies in India with an aim to increase and diversify EU business presence in India. With an aim to promote collaboration between the EU and India specifically on green technologies and sustainable solutions through business cooperation, the project launched 'EU Excellence in India' programme which brings together EU business champions in India and works to enable greater bilateral collaboration between Indian and EU companies in the fields of sustainability and climate actions. Under this initiative, a virtual leadership session was recently organized on 'CSR and sustainability: strategic alignment for projects post COVID-19 in India' which brought together relevant EU and Indian businesses for in-depth discussions and increasing of awareness of potential COVID-19 related CSR activities and projects for EU businesses in India. The EU FPI is also supporting Oxfam GB, Oxfam India and UNDP in promoting responsible business by addressing human rights issues and in strengthening the role of businesses in the attainment of SDGs.

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<sup>2</sup> European companies or its subsidiaries operating in India and are mandatorily or voluntarily contributing to CSR initiatives in India.

<sup>3</sup> <https://futureproof.community/subcommunities/indus-forum-en#about>

<sup>4</sup> <http://www.ebgindia.com/> - EBG Federation in India aims to promote Europe as India's most preferred business partner thus creating an environment that allows European Business to flourish.

<sup>5</sup> <https://ebtc.eu/>



## 2.0 OBJECTIVE, PURPOSE & EXPECTED RESULTS

### 2.1 Overall objective

The overall objective of the assignment is to conceptualise an institutional framework for EU companies and its subsidiaries in India to collaborate meaningfully with the EU, represented by the Delegation of the European Union to India, CSOs and the Government of India, in demonstrating their corporate social responsibility and sustainability commitments (particularly under Indian law) that contributes to sustainable development goals.

### 2.2 Purpose

The purpose of the study is to identify the potential of CSR and Sustainability contributions made by EU companies and their subsidiaries in addressing the development issues in India as well as conceptualising in setting up an institutional mechanism for collaboration and engagement.

The study intends to:

1. Undertake a scoping study to map and assess the contribution of EU companies CSR and Sustainability resources in India (particularly in relation to Indian legal requirements), specifically highlighting their a) geographic focus, b) thematic / sectoral focus, c) typology of contributions and d) manner of engagement with CSOs and the Government.
2. Analyse and recommend an institutional and policy framework as to how the EU can coordinate, facilitate and leverage existing EU companies and subsidiaries CSR and Sustainability initiatives in order to contribute to EU-India cooperation within the context of the SDG framework. The mapping should identify how the EU can engage on CSR / Sustainability initiatives (e.g value chains analysis / approach) in conjunction with its tools and instruments (e.g. CSO/Human Rights initiatives, sustainable consumption and production, blending operations) in India.

### 2.3 Results to be achieved by the Contractor

1. Produce a mapping report of 25-30 pages (indicative), which illustrates contributions of EU companies and its subsidiaries CSR and Sustainability initiatives in India. The report should highlight an overall indicative estimate of EU CSR / Sustainability contribution in India, its geographic and thematic focus, salient grant / investment strategies, engagement mechanisms, reporting and compliances as per Indian and international standards. The mapping should also identify and illustrate 3-5 best practices (indicative) demonstrated by EU companies CSR and Sustainability initiatives in India.
2. Produce a concept note of 10-15 pages (indicative) analysing the options for institutional architecture, defining its relevance, scope, functions and governance mechanisms to coordinate, facilitate and leverage partnership with EU CSR and Sustainability initiatives in India on a systematic basis. The concept note should also articulate multi-functionality of the institutional mechanism ranging from sharing best practices, leveraging partnerships, value based policy dialogue, promoting responsible business, human rights dialogue and visibility (awards, incentives, recognitions etc)
3. Produce a publication 35-45 pages (indicative) with a two page executive summary covering the above two.
4. Present the mapping study and the concept note on institutional architecture by bringing stakeholders from EU CSR, EU MS representatives, EU MS Chamber of Commerce, EU Business Entities in India, relevant Indian and EU CSOs, Government of India and EU Delegation to India / HQ representatives.



### **3. Assumptions and risks**

#### **3.1 Assumptions underlying the study**

- It is assumed that there are large number of European companies and its subsidiaries in India are engaged in CSR and sustainability related initiatives in India.
- It is also assumed that there is a growing interest and opportunities for establishing an institutional framework in India for the EU CSR / Sustainability platform.
- Private companies and stakeholders are willing to provide data and cooperate in the study.

#### **3.2 Risks**

- Risks related to restrictions due to current covid19 pandemic to travel and engage with stakeholders. This may be mitigated through organising virtual consultation.

### **4.0 SCOPE OF THE WORK**

#### **4.1 General**

##### **4.1.1 Description of the assignment**

The assignment intends to collect primary and secondary data, interview key stakeholders, organise consultations to seek views and analyse data, evidence and key information and synthesise a report to inform EU about the potential of CSR and Sustainability contributions made by EU companies and their subsidiaries in India. The study is also expected to recommend a strategic institutional framework to leverage the EU CSR framework in India and strengthening the EU India Cooperation.

##### **4.1.2 Geographical area to be covered**

India

##### **4.1.3 Target groups**

European companies and subsidiaries in India, EU Member States, EU Bilateral Chamber of Commerce, EU financial institutions, impact investors, Indian regulators etc

#### **4.2 Specific work**

The contractor will carry out the following tasks:

- a. Desk review of relevant documents related to Indian CSR act, EU regulations and policy framework on CSR and business responsibility, international frameworks (ILO, UNGP and OECD), EU policy documents related to next multiannual financial framework (EU key priorities, European Implementation Plan, EU India strategic partnership, EU private sector engagement, Eu Blending Facility etc), reviewing reports on CSR and Sustainability initiatives of European companies and subsidiaries in India, etc.
- b. Prepare a work plan on the organisation of the assignment.
- c. Conduct interviews/meetings with relevant stakeholders in the country. List of persons to be agreed jointly with EU. The stakeholders should include select representatives of EU companies and its subsidiaries operating in India, EU Member states, Bilateral Chamber of Commerce of EU MS, European Business Group, European Business Technology Centre, EU Financial Institutions (EIB, AfD, KfW), International Financing Institutions (IFC, World Bank), Impact investors and investment council, Indian regulators, select EU and Indian CSOs engaged in CSR as well as



business and human rights activities etc. Considering the current Covid19 circumstances, virtual consultations may also be considered.

- d. Organise expert roundtable (s) or consultations in New Delhi / Mumbai (or virtual given the current covid19 circumstances) in order to gather expert feedback and finalise the study. The EU should also be invited to participate in the expert consultations.
- e. Finalisation of the Study, based on desk review, interviews and stakeholder consultations.
- f. Briefing and de-briefing with the Delegation of the European Union to India and Bhutan..
- g. Submission and finalisation of the study and deliverables (1 and 2 and 3) based on feedback / comments from EU.
- h. Organise half day event / a session to present the study as well as the concept note on operationalising institutional mechanism for bringing together EU CSR in India

The contractor is expected to prepare their own detailed organisation and methodology and technical proposals to fulfil the general requirements set out in these terms of reference. The contractor must also comply with the latest Communication and Visibility Manual for EU External Actions concerning acknowledgement of EU financing of the project. (See [https://ec.europa.eu/europeaid/communication-and-visibility-manual-eu-external-actions\\_en](https://ec.europa.eu/europeaid/communication-and-visibility-manual-eu-external-actions_en)).

### **4.3 Project Management**

#### **4.3.1. Responsible body**

The project will be directly managed by the Delegation of the European Union to India and Bhutan.

#### **4.3.2 Management structure**

The Service Provider will be responsible for managing the contract. The expert(s) to be mobilised under the contract will respond to Service Provider with regard to all administrative issues. The Project Manager and designated contact person is Mr. Subramanian Pattabiraman [subramanian.pattabiraman@eeas.europa.eu](mailto:subramanian.pattabiraman@eeas.europa.eu).

#### **4.3.3 Facilities to be provided by the contracting authority and/or other parties**

**NO FACILITIES ARE TO BE PROVIDED BY THE CONTRACTING AUTHORITY UNDER THIS CONTRACT**

## **5.0 LOGISTICS AND TIMING**

### **5.1 Location**

India

### **5.2 Start date and Period of implementation of tasks**

The intended starting date is **1<sup>st</sup> November 2020** the date when the contract is signed by both parties. The period of implementation of the contract will be **6 months** from this date.

## **6.0 REQUIREMENTS**

### **6.1 Staffs**



Note that civil servants and other staff of the public administration of the partner country, or of international/regional organisations based in the country, shall only be approved to work as experts if well justified. The justification should be submitted with the tender and shall include information on the added value the expert will bring as well as proof that the expert is seconded or on personal leave.

### **6.1.1. Key experts**

Key experts are not required.

### **6.2 Office accommodation**

Office accommodation will not be provided by the contracting authority.

### **6.3 Facilities to be provided by the Contractor**

The Contractor must ensure that there is sufficient administrative, secretarial and interpreting provision to enable experts to concentrate on their primary responsibilities. It must also transfer funds as necessary to support their work under the contract and to ensure that its employees are paid regularly and in a timely fashion. The contractor should provide with everything required for the accomplishment of the scope of the action in terms of supplies, services, equipment, logistical support, etc. for the success of the contract.

### **6.4 Equipment**

No equipment is to be purchased on behalf of the Contracting Authority as part of this service contract.

## **7. REPORTS**

### **7.1 Reporting requirements**

The contractor will submit the following reports in English in one original and 3 copies

- **Inception Report** of maximum 12 pages to be produced after two weeks from the start of implementation. In the report the contractor shall describe e.g. initial findings, progress in collecting data, any difficulties encountered or expected in addition to the work programme and staff travel. The contractor should proceed with his/her work unless the contracting authority sends comments on the inception report.
- **Draft final report** of maximum 50 pages (main text, excluding annexes). This report shall be submitted no later than one month before the end of the period of implementation of tasks.
- **Final report** with the same specifications as the draft final report, incorporating any comments received from the parties on the draft report. The deadline for sending the final report is 30 days after receipt of comments on the draft final report. The report shall contain a sufficiently detailed description of the different options to support an informed decision on the study. The detailed analyses underpinning the recommendations will be presented in annexes to the main report. The final report must be provided along with the corresponding invoice.

The final study should bear the following statement on the inside title page: "This report was prepared with the financial support of the European Commission and the views expressed herein are those of expert/author and do not represent any official view of the European Commission."

### **7.2. Submission and approval of reports**



The report referred to above must be submitted to the project manager identified in the contract. The project manager is responsible for approving the reports. Feedback and all EU comments should be incorporated into the final version of the Study for the approval of the contracting authority. The report will be approved after satisfactory production of the study as specified in the section 2.3.

The EU reserves the right to request the contractor all the necessary corrections and revisions before approval of the report.

## **8.0 Monitoring and Evaluation**

The study will be monitored by the project manager identified in the contract. Regular interaction with the project manager at all stages of study should be ensured in order to ensure timely delivery of the results identified in the study.

### **8.1 Definition of indicators**

Not applicable

### **8.2 Specific requirements**

Not applicable



# Annexure 5: Survey Questionnaire

## A. CSR Related

1. Do you fall under the 2% CSR expenditure bracket (Companies Act 2013)? Yes or No
2. What are three major areas (development sectors) that your company has invested in CSR activities in the last three years (2017-18, 2018-19, 2019-20)?
  - i.
  - ii.
  - iii.
3. Please indicate the amount (in INR) your business has invested in CSR activities in the last 3 years.
4. Which States have CSR these projects been undertaken (mention top 5 states based on total CSR amount invested)?
  - i.
  - ii.
  - iii.
  - iv.
  - v.
5. If you map your CSR activities to the SDGs, could you indicate which of the SDGs (upto 5) have your business' CSR activities contributed towards over the last 3 years?
6. Mention some of the challenges you face in undertaking CSR activities in India. (Write top 3 challenges).
7. What is your main channel of implementation of CSR activities in India?
  - i. Through CSO/NGO in India
  - ii. Company owned foundation
  - iii. Through Government funds or other public channels
  - iv. Others (Please specify) :
8. Were any of the CSR activities undertaken in an 'aspirational district'? Name them

## B. Sustainability Related

9. Does your company have a Sustainability Policy/Strategy for its operations in India? Yes or No
10. Is your sustainability policy/strategy applicable to your supply chain? Yes or No
11. What was your annual budget (in INR) for undertaking sustainability activities in the last 3 years?
  - 2017-18:
  - 2018-19:
  - 2019-20:
12. Do you have sustainability initiatives on the following areas? Please enlist those where activities are currently being undertaken

Topics	Specific Initiatives (if any)
Sustainable Agriculture	
Natural Resources Management	
Biodiversity	
Gender Equality	
Urbanisation	
Climate Change	
Resource Efficiency	
Others	



## C. EU Delegation Related

13. Do you currently engage or wish to engage with EU Delegation to India on CSR & sustainability-related action?
- Currently engaged
  - Wish to engage
  - Not sure
14. If currently engaged/wish to engage, what role does/could EU Delegation to India play in engaging EU Businessess on activities related to CSR & sustainability in India?
- Undertake collaborative initiatives with other businesses
  - Collaborate with other Stakeholders (CSOs, Research organs, Academia, etc.)
  - Policy Advocacy and Government Engagement
  - Undertake Supply Chain Sustainability Initiatives
  - Promote EU tools/ best practices (measurement of SDG impacts, partnerships, sustainable supply/ value chain, sustainable finance, etc.)
  - Other (please specify)

## D. Platform related

15. Do you think that an institutional platform for sharing information, experience between EU Companies working on CSR and/or Sustainability in India would be helpful? Yes or No
16. Could you select the top 3 key functions of this platform?
- Knowledge Sharing (good practices)
  - Government engagement (national, state, local)
  - Capacity building (tools, approaches)
  - Match-making between EU companies and Indian counterparts
  - Contact point on EU related CSR & Sustainability issues/knowledge
  - Any Other (Pls mention)
17. Who in your opinion should govern the platform?
- Private sector led (EU businesses as members)
  - An independent entity
  - Hosted by an EU or Member state led entity in India
  - Any Other (please specify)
18. How do you think such an institutional platform can be sustained financially?
- Branding opportunity at Events
  - Memberships
  - Partnerships
  - Any other source of revenue
  - Other (please specify)



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