
Measuring Commitment to Responsible Business

A Self-Administrable Toolkit for Businesses and Civil Society

Theme: Social Inclusion

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PARTNERS IN CHANGE
Making Corporate Social Responsibility Your Business



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Introduction

The last 25 years have witnessed an extraordinary transformation of the role of business in the Indian economy and society. As interested citizens, within and outside businesses, we may find ourselves wondering how to keep pace with these changes. Though accustomed to a framework of State accountability for ensuring basic rights and provisions, it can be harder to discern appropriate terms of engagement with corporate behemoths, whose reach and influence spans multiple geographies and whose GDPs in some cases are larger than entire countries. What are they responsible for, from a social and environmental perspective? And to whom, beyond their shareholders and customers, are they actually accountable?

Traditionally business has recognised, or been compelled to recognise, its obligations to steward the environment, to abide by the law and to pay tax. Critical commentators have argued for a different kind of calculus that takes account not just of monetary profit, but also of social and environmental obligations – commonly referred to as the ‘Triple Bottom Line’. Within the Indian context one of the most progressive recent developments has been the advent of the National Voluntary Guidelines (NVGs), a landmark coming together of business, government and civil society around responsible business values. The NVGs enshrines commitments to people, planet and profit and in doing so sets some significant benchmarks for what we can expect of business in India. These benchmarks were given a much-needed boost in 2012 when the Securities and Exchange Board of India (SEBI) mandated NVG-based business responsibility reporting by BSE Top 100 Companies.

A Focus on Social Inclusion

The NVGs provide a broad framework for business responsibility, encompassing the multiple geographies that businesses operate in. In this toolkit the focus is on the various Principles and elements of the NVGs related to social inclusion: that is, on people, including the most marginalised and excluded amongst us, whose lives intersect with and are impacted by business in multiple waysⁱ.


Using this lens of social inclusion, 5 distinct areas of concern have been developed, and corresponding expectations of business identified in the light of the NVGs.

Element	Expectations of Business
1. Non-discrimination in the workplace	Business endorses non-discriminatory employment practices and promotes diversity in the workplace
2. Respecting employee dignity and human rights	Business recognises its responsibility towards creating an enabling environment for workers and prohibits any form of forced labour or child labour
3. Community development	Business recognises its role in fostering community development by addressing local priorities and respecting local concerns and knowledge
4. Inclusiveness in supply chain	Business recognises its role in creating an environment in which the rights of workers throughout the supply chain are respected
5. Community as business stakeholder	Business recognises vulnerable communities as stakeholders and is responsible and transparent about impact of its processes on these communities

In October 2015, data collected through this framework was published within a report, *Making Growth Inclusive: Analysing Inclusive Policies, Disclosures and Mechanisms of Top 100 Companies*¹ and also on a web portal.² Conscious of the need to democratise the process of information-gathering and analysis of business responsibility, and to add muscle to existing civil society efforts in these directions, this self-administrable toolkit has been developed to enable those within companies, and other interested citizens, to do a social spot-check on business disclosures.

The toolkit assesses comprehensiveness of company policies against core NVG principles, based on self-reported information disclosures made by the company on their websites. It has two core dimensions: policy-related disclosures and disclosures on the knowledge systems that companies will need in order to be able to create rights-respecting environments for their workers and for the local communities that they work with and impact.

This tool kit was developed by Deepti, Lorina and Rohan with support from Dheeraj, Pradeep, Shireen, Shishupal, Urvashi and Greeshma.



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¹ http://responsiblebiz.org/r_bizimg/IRBF.pdf

² <http://responsiblebiz.org/>

Key features of the toolkit

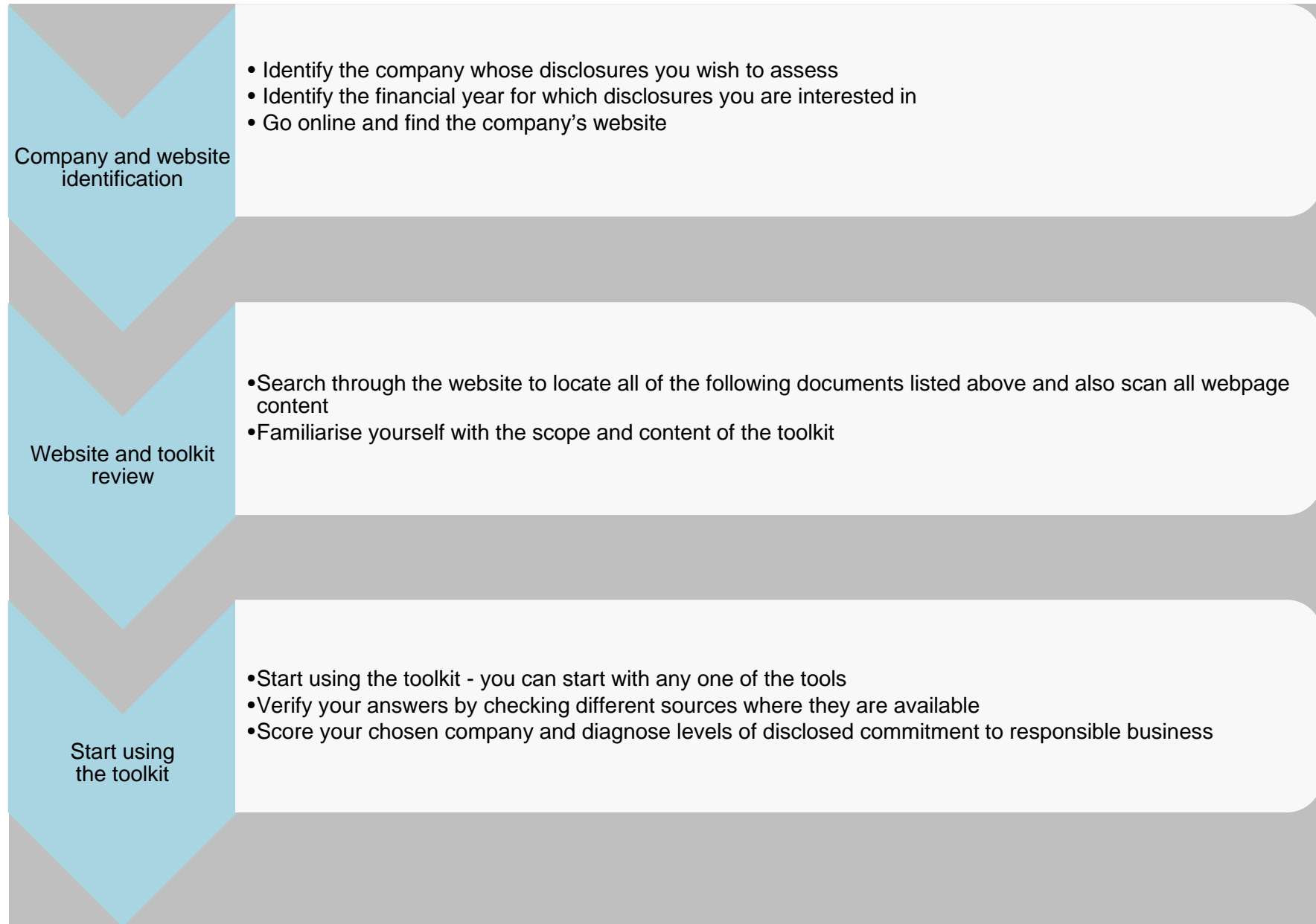
- It contains tools that an individual or group can use to assess their own company or another company's commitments to responsible business
- It is designed to be constructive and formative, enabling the company to move towards higher levels of business responsibility and accountability to communities that they impact
- It requires no need for an external agency to assess companies
- It is self-paced, self-directed and flexible, enabling an assessment whenever a need is felt
- It relies entirely on publically disclosed data, available on company websites
- It is rooted in the National Voluntary Guidelines, a State-endorsed framework for business accountability with significant legal and corporate support
- It is centred around disclosures, many of which are actually essential for BSE Top 100 Companies

How to use this toolkitGathering your data

The toolkit relies on the user's accessibility to the same range of data that the IRBI team had:

- Company Policies
- Annual Reports
- BRRs
- Sustainability Reports
- Related information on company websites

All information is available online, enabling anyone with web access to use the toolkit. Before starting the toolkit, the following steps are recommended:



An Overview of the Toolkit

The five elements of the index follow the same pattern in this Self Administrable Tool. The first four sections give an orientation of the responsible business practices expected from companies and do not necessarily require any tick mark/exercise on the sheet. The purpose is to familiarise and guide the toolkit user to understand the elements thoroughly before carrying out the exercise. Only Exercise 1 and Exercise 2 needs to be filled to arrive at a score. The score and corresponding results are in the last section of the toolkit.

Key points for the user are as follows:

- The **first** section of the toolkit briefly explains how the particular element finds expression in the principle/s of the National Voluntary Guidelines (NVGs).
- The **second** section looks at what NVGs expect from businesses for that particular element. The expectation of NVGs from any business is at three levels. Firstly, the company should have detailed policies and strategies on that element. Secondly, the company's policies and mechanisms that promote the element should be disclosed in the public domain. Lastly, the company should have systems in place to measure and assess the impact of its policies.

For example, a company is expected to have detailed policies and strategies on CSR and disclose this in a public domain as well. It is also expected to have mechanisms in place to measure and assess the CSR projects.

- The **third** section details what the policies on that particular element should contain. The policies should intend to realise what has been envisaged in the NVGs. This includes the available mechanisms in the company and the outcomes of having implemented those mechanisms.

For example, the CSR policy should clearly detail out its thrust areas and identify groups that it aims to engage with.

- The **fourth** section looks at the disclosure status in the public domain by the company, from policies to mechanisms and its outcomes as mentioned in the above sections. Here, the company is expected to disclose details of the mechanisms.

For example, in CSR projects, details like frequency of CSR committee meetings, financial details, impact assessment reports of the CSR project etc. should be disclosed in the public domain.

- The actual exercise begins from the section where one needs to respond each component of the element based on the company's status by placing tick/s. Exercise 1 is constricted to policy and the disclosure level only. It tries to understand the strength of company's policies. Exercise 2 further assess the functioning of these policies and the exercise is carried out in the same manner as Exercise 1.
- The last section of the toolkit outlines where the company lies in terms of its commitment to responsible business. The position of company in the band is determined by the score of company, its policies and its functioning as calculated in Exercise 1 and Exercise

Glossary of key terms	
Collective Bargaining	A negotiation process between employers and employees or workers, typically held in the context of debates around working conditions
CSR	Corporate Social Responsibility
Disclosure	The public sharing of information, in this case about a company, its policies and systems
EWD	Employees With Disability
Forced labour	Labour undertaken under force or coercion
Freedom of association	This refers to the entitlement to join or to leave groups freely and to take steps towards collective action in the common interest
Free, Prior and Informed Consent	The idea that a community has an absolute right to give or not to give consent to a project likely to impact them and their environment. It is frequently invoked in the context of indigenous rights
FY	Financial Year
Intellectual Property Rights	Rights over ideas or knowledge having commercial value
Needs Assessment	A systematic method for determining what the community wants or requires, in the light of current conditions
PWD	Person with Disabilities
PF	Provident Fund
Rehabilitation	The attempt to restore a community to conditions of dignity and prosperity following a process of resettlement or other processes of upheaval
Resettlement	The process of settling in another place, typically due to causes external to the resettling community such as natural or man-made disasters, or development projects
SC	Scheduled Caste
Sexual minorities	Those whose sexual identity differs from 'mainstream' sexual identities, including people who define themselves as gay, queer and transgender
SIA	Social Impact Assessment
Thrust areas (for community development)	Key target or focus areas
Target stakeholders	The stakeholders who are considered the main or primary beneficiaries of an intervention or initiative

1. Non-discrimination in the workplace

Equality is a core constitutional value. And it should apply no less in the world of work. One of the core elements of Principle 3 of the NVGs is that “Business should provide and maintain equal opportunities at the time of recruitment as well as during the course of employment irrespective of caste, creed, gender, race, religion, disability or sexual orientation”. It calls for an inclusive workspace, especially for women and the disabled, and sees diversity in the workplace as an important outcome of non-discrimination. Element 7 of principle 3 states that “businesses should ensure continuous skill and competence upgrading of all employees by providing access to necessary learning opportunities, on an equal and non-discriminatory basis.” It adds that “they should promote employee morale and career development through enlightened human resource interventions”.

NVGs’ Expectations of Businesses

Businesses have detailed policies that explicitly mention Non-Discrimination, Equal Opportunity as principles in employment

Business have strategies to achieve a non-discriminatory environment

Businesses have mechanisms to understand, measure and assess the impact of their work on the local community

What the policies on Non-discrimination in the workplace should contain:

Non-discrimination as a principle of employment

Groups to be proactively targeted for inclusion

Equality of opportunity as a principle of employment

The need to consult stakeholders for formulation of a sexual harassment policy

Measuring the Commitment of Businesses to Policy Disclosure and to the NVGs

Policy recognition reflects the existence of publicly disclosed policies on key areas of interest to the Index and to related mechanisms.

The relevant components are numbered 1-13 in the table below (Exercise1). Alongside each component, please indicate your company's status in terms of recognition of policy, and, where applicable, of disclosure of policy within the public domain.

i) Under 'recognition', **tick 'yes'** if there is recognition of this aspect in your company's policy.

ii) Under 'disclosure in the public domain', **tick:**

- 'disclosed within the public domain but not in the policy itself' if your company discloses this particular policy commitment on its website.
- 'disclosed in the policy itself' if your company discloses this particular policy commitment within its own policy documents published on its website.
- 'disclosed in the policy and details of the mechanism also provided' if your company discloses both this particular policy commitment as well as details of supportive mechanisms and processes relevant to its adherence.

Note: It is possible that more than one status may pertain to your company. In such cases, tick whichever spaces may apply.

Public Disclosures Expected from Businesses

Policy on non-discrimination and equality of opportunity

Strategies and mechanisms to promote inclusion and representation of disadvantaged groups

Complaints regarding sexual harassment

Diversity within the board and amongst employees

Example: Company A						
	Policy	Recognition		Disclosure in Public domain		
	Non-discrimination in the Workplace	No	Yes	Disclosed but not within the policy	Disclosed in the policy itself	Disclosed in the policy and details of the mechanism also provided
	Businesses have Policies that explicitly mentions Non-Discrimination, Equal Opportunity as principle in employment <i>Policies include: non-discrimination and equal opportunities in:</i>					
	Recruitment		✓			✓
<p>The example above, completed by Company A, shows that the company has:</p> <ul style="list-style-type: none"> If anyone feels discriminated during recruitment, the company has a system in place such as a designated person or a grievance redressal mechanism that can be approached. 						

Exercise 1.1

Strength of policies						
	Policy	Recognition		Disclosure in Public domain		
	Non-discrimination in the Workplace	No	Yes	Disclosed but not within the policy	Disclosed in the policy itself	Disclosed in the policy and details of the mechanism also provided
	Businesses have Policies that explicitly mention Non-Discrimination, Equal Opportunity as principle in employment					
	<i>Policies acknowledge non-discrimination and equal opportunities in:</i>					
1	Recruitment					
2	Career Advancement					
3	Diversity in Board					
	Businesses have Policies that identify groups that need to be proactively targeted for recruitment and/or career advancement					
4	Disadvantaged					
5	Women					
6	PWD					
7	Sexual Minorities					

Strength of policies						
	Policy	Recognition		Disclosure in Public domain		
	Non-discrimination in the Workplace	No	Yes	Disclosed but not within the policy	Disclosed in the policy itself	Disclosed in the policy and details of the mechanism also provided
8	SC					
9	ST					
10	Religion					
	Businesses detail out strategies and mechanisms in public domain so that the disadvantaged sections take benefits of the policies					
	Does the company policy refer to any effort towards creating enabling environment through:					
11	Effective Sexual harassment policy					
12	Provisions for Maternity benefits					
13	Disable friendly workplace					

Disclosure on Knowledge of the functioning of their Non-discrimination in the workplace policies

Knowledge Systems refers to public disclosure on the existence of a system in the company to know and understand 'what is happening' through monitoring, assessment and other systems of information collection and curation; learning and knowledge-making. Please tick one or more of the following boxes

Exercise 1.2

Strength on knowledge systems				
	Knowledge	Disclosure		
	Community as a Business Stakeholder	No	Yes	Yes, with supporting details
	Non-discrimination in the Workplace			
	Businesses detail out strategies and mechanisms in public domain so that the disadvantaged sections take benefit of the policies			
	<i>Proactively retain employees:</i>			
1	Has consulted stakeholders for formulation of policy on sexual harassment?			
2	Whether the Company has a record as well as discloses on complaints received regarding sexual harassment?			
	Whether the company records and discloses on percentage of employees provided with Skill development opportunities for the following categories of employees :			
3	Permanent Women Employees			
4	Employees with Disabilities			
5	Contractual employees			
	Businesses disclose diversity within Board Of Directors and among employees			
	<i>Whether the company records and discloses number of members in the board of directors belonging to following groups:</i>			
6	Women			
7	PWD/SC/ST			
	<i>Whether the company records and discloses number of employees in the total workforce belonging to following groups:</i>			

Strength on knowledge systems				
	Knowledge	Disclosure		
	Community as a Business Stakeholder	No	Yes	Yes, with supporting details
8	Women			
9	PWD			
10	SC			
11	ST			

Where does the Company Stand?

Basic	0-6 green and dark green
Foundation	7-12 green and dark green
Promising	13-19 green and dark green
Vibrant	20-24 dark green

Note: For those components for which more than one space has been ticked (indicating that more than one status applies), the highest value will count.

2. Employee Wellbeing

Employees and workers are key stakeholders in any business. Evidencing its commitment to employees, principle 3 of the NVGs looks into promotion of “employees' wellbeing” and principle 5 brought in a much-needed rights-based perspective, urging companies to “respect and promote human rights”. Principle 3 encompasses all policies and practices relating to the dignity and wellbeing of employees engaged within a business or in its value chain. The principle extends to all categories of employees engaged in activities contributing to the business, within or outside of its boundaries and covers work performed by individuals, including sub-contracted and home based work.

NVGs' Expectations of Businesses

Businesses have detailed policies and strategies that promote the wellbeing of all employees

Business proactively discloses details of mechanisms that promote employee well-being

Businesses have measured and assessed the impact of their policies on employee well-being

What the policies on Employee Wellbeing should contain:

Workers' rights to freedom of association and collective bargaining

The need for a safe and healthy workplace

Workers' rights to fair living wages and no forced labour

The extension of workers' policies to Group and joint ventures

Measuring the Commitment of Businesses to Policy Disclosure and to the NVGs

Policy recognition reflects the existence of publicly disclosed policies on key areas of interest to the Index and to related mechanisms.

The relevant components are numbered 1-9 in the table below (Exercise 1). Alongside each component, please indicate your company's status in terms of recognition of policy, and, where applicable, of disclosure of policy within the public domain.

i) Under 'recognition', **tick 'yes'** if there is recognition of this aspect in your company's policy.

ii) Under 'disclosure in the public domain', **tick:**

- 'disclosed within the public domain but not in the policy itself' if your company discloses this particular policy commitment on its website.
- 'disclosed in the policy itself' if your company discloses this particular policy commitment within its own policy documents published on its website.
- 'disclosed in the policy and details of the mechanism also provided' if your company discloses both this particular policy commitment as well as details of supportive mechanisms and processes relevant to its adherence.

Note: It is possible that more than one status may pertain to your company. In such cases, tick whichever spaces may apply.

Public Disclosures Expected from Businesses

Policies on respect for worker's rights, ensuring safe and healthy workplace and the prohibition of child labour

Detailing of the management structure or process of engagement with associations

Mechanisms to ensure a safe and healthy workplace

Complaints related to violations of workers' rights

Example: Company A						
	Policy	Recognition		Disclosure in Public domain		
	Promotion of employee wellbeing	No	Yes	Disclosed but not within the policy	Disclosed in the policy itself	Disclosed in the policy and details of the mechanism also provided
1	Businesses have policies and mechanisms that Respect workers' rights with respect to freedom of association, Collective bargaining, fair living wages and forced labour					
	<i>Whether the policy identifies:</i>					
	Collective bargaining		✓			✓
<p>The example above, completed by Company A, shows that the company has:</p> <ul style="list-style-type: none"> Company policy mentions about having collective bargaining agreement with employees and has detailed processes for engaging with employees' associations 						

Exercise 2.1

Strength of policies						
	Policy	Recognition		Disclosure in Public domain		
	Promotion of employee wellbeing	No	Yes	Disclosed but not within the policy	Disclosed in the policy itself	Disclosed in the policy and details of the mechanism also provided
	Businesses have policies and mechanisms that Respect workers' rights with respect to freedom of association, Collective bargaining, fair living wages and forced labour					
	<i>Whether the policy acknowledges:</i>					
1	Workers' Right to Association (Freedom of association)					
2	Collective bargaining or engaging with employees' union					
3	Paying fair living wages					
4	Prohibition of use of Forced, involuntary or unpaid labour					
5	Does the company policy acknowledge that its contractual employees (hired directly or through contractors) are provided with the social benefits (PF and medical insurance)?					

Measuring Commitment to Responsible Business: Employee Wellbeing

Strength of policies						
	Policy	Recognition		Disclosure in Public domain		
	Promotion of employee wellbeing	No	Yes	Disclosed but not within the policy	Disclosed in the policy itself	Disclosed in the policy and details of the mechanism also provided
	Businesses have policies and mechanisms to ensure safe and healthy workplace					
	<i>Whether the policy strives for:</i>					
6	Safe and healthy workplace?					
7	Zero tolerance towards all forms of violence at work					
	Businesses have policies to prohibit child labour					
8	Whether the company has a policy on prohibition of child labour?					
	Businesses extend their workers policies to Group and Joint ventures					
9	Does the company policy on workers' rights extend to Group and joint ventures?					

Disclosure on Knowledge of the functioning of their Employee Wellbeing policies

Knowledge Systems refers to public disclosure on the existence of a system in the company to know and understand 'what is happening' through monitoring, assessment and other systems of information collection and curation; learning and knowledge-making. Please tick one or more of the following boxes.

Exercise 2.2

Strength on knowledge systems				
	Knowledge	Disclosure		
	Promotion of Employee Wellbeing	No	Yes	Yes, with supporting details
	Business discloses on employees' association and consultation for policy formulation			
1	Does the company record and disclose on existence of any employees' association?			
2	Whether company discloses on stakeholders consulted for formulation of Human Resource Policy?			
	<i>Whether the company records and discloses percentage of employees provided with safety training for the following categories:</i>			
3	Permanent Employees			
4	Permanent Women Employees			
5	Casual/Temporary/Contractual Employees			
6	Employees with Disabilities			
7	Whether the company has mechanism to assess Health and Safety conditions?			
	Assessment of situation of Workers rights and labour issues in core business			

Measuring Commitment to Responsible Business: Employee Wellbeing

Strength on knowledge systems				
	Knowledge	Disclosure		
	Promotion of Employee Wellbeing	No	Yes	Yes, with supporting details
8	Businesses assess the situation of Workers rights and labour issues in core business?			
9	Whether the business records and discloses on complaints related to violation of workers' rights?			

Where does the Company Stand?

Basic	0-5 green and dark green
Foundation	6-9 green and dark green
Promising	10-14 green and dark green
Vibrant	14-18 dark green

Note: For those components for which more than one space has been ticked (indicating that more than one status applies), the highest value will count.

3. Community Development

The ethos of corporate contribution to community development finds expression in Principle 8 of the NVGs, which says, “**businesses should support inclusive growth and equitable development**”. It mandates, “businesses should make efforts to complement and support the development priorities at local and national levels”. It recognises the need for businesses to focus on “disadvantaged, vulnerable and marginalised sections of society”. It received significant legislative backing with the advent of the Companies Act in 2013.

NVGs’ Expectations of Businesses

Businesses have detailed policies and strategies on Community Development Projects

Businesses disclose proactively on CSR projects

Businesses have mechanisms to understand, measure and assess the impact of their CSR projects

What the policies on CSR should contain:

Thrust areas for community development

Identifies marginalised communities/ sections

Mechanisms for implementation

Provisions for independent evaluations

Measuring the Commitment of Businesses to Policy Disclosure and to the NVGs

Policy recognition reflects the existence of publicly disclosed policies on key areas of interest to the Index and to related mechanisms.

The relevant components are numbered 1- 5 in the table below (Exercise 1). Alongside each component, please indicate your company's status in terms of recognition of policy, and, where applicable, of disclosure of policy within the public domain.

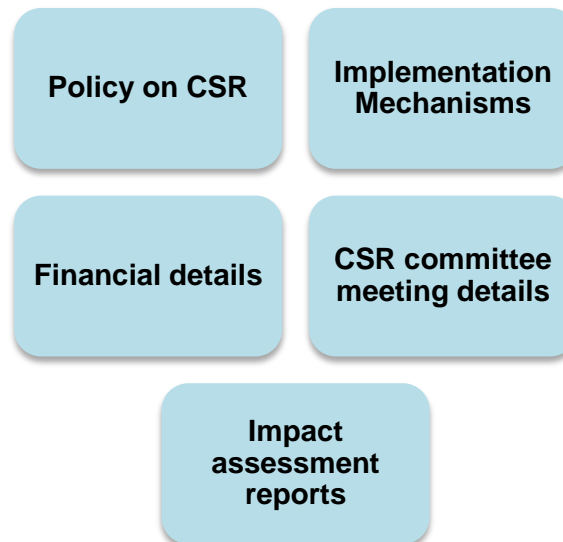
i) Under 'recognition', **tick 'yes'** if there is recognition of this aspect in your company's policy.

ii) Under 'disclosure in the public domain', **tick:**

- 'disclosed within the public domain but not in the policy itself' if your company discloses this particular policy commitment on its website.
- 'disclosed in the policy itself' if your company discloses this particular policy commitment within its own policy documents published on its website.
- 'disclosed in the policy and details of the mechanism also provided' if your company discloses both this particular policy commitment as well as details of supportive mechanisms and processes relevant to its adherence.

Note: It is possible that more than one status may pertain to your company. In such cases, tick whichever spaces may apply.

Public Disclosures Expected from Businesses



Example: Company A						
	Policy	Recognition		Disclosure in Public domain		
	Community Development	No	Yes	Disclosed but not within the policy	Disclosed in the policy itself	Disclosed in the policy and details of the mechanism also provided
1	Businesses have detailed policies and strategies on Community Development Projects					
	<i>Whether the policy identifies:</i>					
i)	Thrust areas for community development projects		✓		✓	
<p>The example above, completed by Company A, shows that the company has:</p> <ul style="list-style-type: none"> Identified thrust areas for community development projects Disclosed a commitment to certain areas for community development projects on policy documents published on its website 						

Exercise 3.1

Strength of policies						
	Policy	Recognition		Disclosure in Public domain		
	Community Development	No	Yes	Disclosed but not within the policy	Disclosed in the policy itself	Disclosed in the policy and details of the mechanism also provided
	Businesses have detailed policies and strategies on Community Development Projects					
	<i>Whether the policy identifies:</i>					
1	Thrust areas for community development projects					
2	Backward regions for implementing community development projects					
3	Target stakeholders and communities with whom they plan to implement their CSR programme such as women, SC, ST, Youth, PWD, Children etc.					
	Business discloses proactively on CSR projects					
4	Does the company policy have mechanism for implementing CSR projects?					
	Does the company have mechanisms to understand, measure and assess the impact of their CSR projects?					

Strength of policies						
	Policy	Recognition		Disclosure in Public domain		
	Community Development	No	Yes	Disclosed but not within the policy	Disclosed in the policy itself	Disclosed in the policy and details of the mechanism also provided
5	Does the company policy have monitoring mechanism for CSR projects?					

Disclosure on Knowledge of the functioning of their CSR policies

Knowledge Systems refers to public disclosure on the existence of a system in the company to know and understand ‘what is happening’ through monitoring, assessment and other systems of information collection and curation; learning and knowledge-making. Please tick one or more of the following boxes.

Exercise 3.2

Strength on knowledge systems				
	Knowledge	Disclosure		
	Community Development	No	Yes	Yes, with supporting details
	Businesses have community participation in its strategy development			
1	Has the company consulted key stakeholders (Community, Women, Elderly, Children) for the formulation of policy on Corporate Social Responsibility?			
2	Whether the company has carried out the needs assessment for initiating CSR project?			

Strength on knowledge systems				
	Knowledge	Disclosure		
	Community Development	No	Yes	Yes, with supporting details
3	Did the needs assessment involve communities belonging to vulnerable groups such as Women, Children, Disabled, SC, ST, Elderly?			
	Business discloses proactively on CSR projects			
4	Does the company record and disclose its Contribution for CSR (as percentage of Profit)?			
5	Does the company disclose the number of beneficiaries of their CSR projects?			
6	Does the company record and provide distribution of its expenses on CSR across themes? (amount spent theme wise)			
7	Whether the company has recorded and provided details of the project implemented under the CSR?			
8	Does the company disclose steps taken to ensure that community development initiative is successfully adopted by the community?			
	Does the company have mechanisms to understand, measure and assess the impact of their CSR projects?			
9	Whether the company has carried out any Independent impact assessment of its CSR projects?			
10	Did the independent impact assessment involve the stakeholders (women, children, disabled, SC, ST and elderly)?			
11	Did the company record and disclose the frequency of meetings of CSR committee for the FY 2013-14 or 2014-15?			

Where does the Company Stand?

Basic	0-4 green and dark green
Foundation	5-8 green and dark green
Promising	9-13 green and dark green
Vibrant	14-16 dark green

Note: For those components for which more than one space has been ticked (indicating that more than one status applies), the highest value will count.

4. Inclusiveness in the Supply Chain

The NVGs recognise that businesses today extend outside traditional boundaries of the operating plant or the factory wall and across the entire value chain. According to Principle 4, they “should respect the interests of, and be responsive towards, all stakeholders”, especially the “disadvantaged, vulnerable and marginalised.” Principle 5 of the NVGs upholds respect for human rights and it can be argued that Principle 3, emphasising dignity and well-being of employees engaged with a business, has application across the whole supply chain.

NVGs’ Expectations of Businesses

Businesses have detailed policies and strategies on Inclusiveness in the Supply Chain

Businesses disclose proactively on inclusiveness in the supply chain

Businesses disclose proactively on inclusiveness in the supply chain

What the policies on inclusiveness in the supply chain should contain:

Capacity building of local suppliers/contractors

Fair price for procurement of supplies from local providers

No child labour within the supply chain

Human rights respected throughout the supply chain policy

Public Disclosures Expected from Businesses



Measuring the Commitment of Businesses to Policy Disclosure and to the NVGs

Policy recognition reflects the existence of publicly disclosed policies on key areas of interest to the Index and to related mechanisms.

The relevant components are numbered 1-6 in the table below (Exercise1). Alongside each component, please indicate your company's status in terms of recognition of policy, and, where applicable, of disclosure of policy within the public domain.

i) Under 'recognition', **tick 'yes'** if there is recognition of this aspect in your company's policy.

ii) Under 'disclosure in the public domain', **tick:**

- 'disclosed within the public domain but not in the policy itself' if your company discloses this particular policy commitment on its website.
- 'disclosed in the policy itself' if your company discloses this particular policy commitment within its own policy documents published on its website.
- 'disclosed in the policy and details of the mechanism also provided' if your company discloses both this particular policy commitment as well as details of supportive mechanisms and processes relevant to its adherence.

Note: It is possible that more than one status may pertain to your company. In such cases, tick whichever spaces may apply.

Example: Company A						
	Policy	Recognition		Disclosure in Public domain		
	Inclusiveness in the Supply Chain	No	Yes	Disclosed but not within the policy	Disclosed in the policy itself	Disclosed in the policy and details of the mechanism also provided
	Businesses have policies and mechanisms to strengthen the supply chain					
	<i>Does company policy mention: Building capacity of local suppliers/contractors on products and services</i>		✓			✓
<p>The example above, completed by Company A, shows that the company has:</p> <ul style="list-style-type: none"> • Recognised and has a policy disclosed in public domain that details out the steps to be taken for building capacity of local suppliers/contractors on products and services. 						

Exercise 4.1

Strength of policies						
	Policy	Recognition		Disclosure in Public domain		
	Inclusiveness in the Supply Chain	No	Yes	Disclosed but not within the policy	Disclosed in the policy itself	Disclosed in the policy and details of the mechanism also provided
	Businesses have policies and mechanisms to strengthen the supply chain					
	<i>Does company policy mention:</i>					
1	Building capacity of local suppliers/contractors on products and services					
2	Providing Priority to the local suppliers					
3	Commitment to procurement of raw products or services at fair price from local producers/service providers					
	Businesses extend its policies of human rights to the supply chain					
4	Whether the company policy explicitly prohibits use of child labour within supply chain?					
5	Does the policy on human rights extend to supply chain?					

6	Whether employment policy (Minimum wage, working hours, social benefits, safe working environment etc.) of the company extends to the supply chain?					
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Disclosure on Knowledge of the functioning of their Supply Chain policies

Knowledge Systems refers to public disclosure on the existence of a system in the company to know and understand ‘what is happening’ through monitoring, assessment and other systems of information collection and curation; learning and knowledge-making. Please tick one or more of the following boxes.

Exercise 4.2

Strength on knowledge systems				
	Knowledge	Disclosure		
	Inclusiveness in the Supply Chain	No	Yes	Yes, with supporting details
	Businesses have policies and mechanisms to strengthen the supply chain			
1	Has the company consulted key stakeholders for the formulation of Supplier Code or related policy?			
	Businesses have taken steps to organise efforts towards strengthening supply chain			
2	Has the company recorded and disclosed steps taken to procure goods and services from local & small producers, including communities surrounding their place of work?			
3	Has the company recorded and disclosed steps taken to improve capacity and capability of local and small vendors?			

Measuring Commitment to Responsible Business: Inclusiveness in the Supply Chain

Strength on knowledge systems				
	Knowledge	Disclosure		
4	Whether the company has systems to assess the capacity needs of local suppliers, vendors, producers and contractors?			
5	Whether the company is aware of representation of disadvantaged communities (SC/ST/Women/PWD) in the capacity building programmes?			
6	Does the company disclose on procedures in place for sustainable sourcing?			
	Businesses extend its policies of human rights to the supply chain			
7	Whether the company has systems to assess issues related to human rights/ worker's rights in the supply chain?			

Where does the Company Stand?

Basic	0-4 green and dark green
Foundation	5-7 green and dark green
Promising	8-11 green and dark green
Vibrant	11-13 dark green

Note: For those components for which more than one space has been ticked (indicating that more than one status applies), the highest value will count.

5. Community as Business Stakeholder

Three NVG principles directly talk about members of the local community as business stakeholders. These are Principles 4, 5 and 8 of the NVGs that call for companies to be responsive to the “interests of all stakeholders, especially those who are disadvantaged, vulnerable and marginalised”; to “respect and promote human rights” and to “support inclusive growth and equitable development”.

This Index element emphasises that companies need to recognise the issues of the local community within their core business and be responsible for, accountable to and aware of their needs and aspirations. Thus, local people affected by business are not to be seen merely as recipients of 2 per cent CSR investments, but as stakeholders with an active and non-negotiable interest in core business operations.

NVGs’ expectations of Businesses

Businesses have detailed policies and strategies that recognise the local community as a business stakeholder

Businesses disclose proactively on the role it creates for the local community in its policy and operations

Businesses have mechanisms to understand, measure and assess the impact of their work on the local community

What the policies on Community as a Business Stakeholder should contain:

Need to ensure Free, Prior and Informed Consent (FPIC)

Provision of employment and other compensation to affected individuals

Promotion of local knowledge

Optimal use of local resources and services

Measuring the Commitment of Businesses to Policy Disclosure and to the NVGs

Policy recognition reflects the existence of publicly disclosed policies on key areas of interest to the Index and to related mechanisms.

The relevant components are numbered 1-12 in the table below (Exercise1). Alongside each component, please indicate your company's status in terms of recognition of policy, and, where applicable, of disclosure of policy within the public domain.

i) Under 'recognition', **tick 'yes'** if there is recognition of this aspect in your company's policy.

ii) Under 'disclosure in the public domain', **tick:**

- 'disclosed within the public domain but not in the policy itself' if your company discloses this particular policy commitment on its website.
- 'disclosed in the policy itself' if your company discloses this particular policy commitment within its own policy documents published on its website.
- 'disclosed in the policy and details of the mechanism also provided' if your company discloses both this particular policy commitment as well as details of supportive mechanisms and processes relevant to its adherence.

Note: It is possible that more than one status may pertain to your company. In such cases, tick whichever spaces may apply.

Public Disclosures Expected from Businesses

**Policy on
resettlement and
rehabilitation**

**Local community
impact assessment**

**Compensation to
affected local
community**

**Local community
needs assessment**

Example: Company A						
	Policy	Recognition		Disclosure in Public domain		
	Promotion of employee wellbeing	No	Yes	Disclosed but not within the policy	Disclosed in the policy itself	Disclosed in the policy and details of the mechanism also provided
	Business recognises the need for assessing impact of its activities on the communities and has policies for the same					
1	Whether the company policy recognises the need for Impact Assessment such as SIAs for assessing negative and positive impacts?		✓		✓	
<p>The example above, completed by Company A, shows that the company has:</p> <ul style="list-style-type: none"> Company policy mentions about having collective bargaining agreement with employees and has detailed processes for engaging with employees' associations 						

Exercise 5.1

Strength of policies						
	Policy	Recognition		Disclosure in Public domain		
	Community as Business Stakeholder	No	Yes	Disclosed but not within the policy	Disclosed in the policy itself	Disclosed in the policy and details of the mechanism also provided
	Business recognises the need for assessing impact of its activities on the communities and has policies for the same					
1	Whether the company policy recognises the need for Impact Assessment such as SIAs for assessing negative and positive impacts?					
	If yes, whether impact assessment systems in policy provides for:					
2	Public hearing/ community consultation					
3	Communicating project impacts with community after assessment					
4	Does the company policy mandate publishing of impact assessment reports in the public domain?					

Strength of policies						
	Policy	Recognition		Disclosure in Public domain		
	Community as Business Stakeholder	No	Yes	Disclosed but not within the policy	Disclosed in the policy itself	Disclosed in the policy and details of the mechanism also provided
	Business recognises the need to minimise its harm and has policies related to resettlement and rehabilitation, whenever required at any level during its project operations					
	<i>Does the company policy on resettlement and rehabilitation mandate:</i>					
5	Transparent communication about the compensation to be paid in case of land acquisition or displacement?					
6	Free, Prior and Informed Consent (FPIC) through discussions for land acquisition or displacement?					
7	Provision of similar or better living conditions and services and alternate livelihood options to Project Affected People?					
	Businesses are sensitive to local concerns and have policies to respect local culture and integrate their operations with the local environment					

Strength of policies						
	Policy	Recognition		Disclosure in Public domain		
	Community as Business Stakeholder	No	Yes	Disclosed but not within the policy	Disclosed in the policy itself	Disclosed in the policy and details of the mechanism also provided
8	Respects Local culture and local systems in core business and third party relations?					
9	Acknowledge judicious use of local resources and not over exploiting the same?					
10	Recognise the negative impacts and the need to work on locally relevant issues?					
11	Intend to invest to strengthen and promote local knowledge/heritage, and protect the Intellectual property rights of the community?					
12	Mandated employment of local people?					

Disclosure On Knowledge Of The Functioning Of Their Community As Business Stakeholder Policies

Knowledge Systems refers to public disclosure on the existence of a system in the company to know and understand 'what is happening' through monitoring, assessment and other systems of information collection and curation; learning and knowledge-making. Please tick one or more of the following boxes.

Exercise 5.2

Strength on knowledge systems				
	Knowledge	Disclosure		
	Community as a Business Stakeholder	No	Yes	Yes, with supporting details
	Business recognises the need for assessing impact of its activities on the communities and has policies for the same			
1	Does the company publish impact assessment report for products/services or business operations (prior to launch) in public domain?			
	Business recognise the need to minimise its harm and has policies related to resettlement and rehabilitation, whenever required at any level during its operations of different projects			
2	Whether the company discloses number of people displaced or affected?			
3	Whether the company discloses number of people resettled and rehabilitated?			
4	Whether the company discloses number of complaints received and addressed vis-à-vis resettlement and rehabilitation?			
5	Whether the company has consulted key stakeholders for the formulation of policy on Resettlement and Rehabilitation?			
	Businesses have taken steps to understand the relationship between its core business and the local and societal contexts			
6	Businesses have carried out needs assessments of local communities for its core business			

Where does the Company Stand?

Basic	0-5 green and dark green
Foundation	6-9 green and dark green
Promising	10-15 green and dark green
Vibrant	15-18 dark green

Note: For those components for which more than one space has been ticked (indicating that more than one status applies), the highest value will count.

About Us

Partners in Change is a non-government, non-profit organisation working for awareness of corporate social responsibility as well as advocacy and capacity building in India.

About the Toolkit

Conscious of the need to democratise the process of gathering information and analysis of business responsibility, and to add muscle to existing civil society efforts, Partners in Change, with support from Corporate Responsibility Watch, Change Alliance and Praxis Institute for Participatory Practices, has developed this self-administrable toolkit that enables those within companies, and other interested citizens, to do a social spot-check on business disclosures. The toolkit comprises five tools covering different areas of social inclusion. Rooted in the Ministry of Corporate Affairs-issued National Voluntary Guidelines for businesses, it offers a practical and self-administrable guide to assessing their public commitments to their own workers and to society at large.

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PARTNERS IN CHANGE
Making Corporate Social Responsibility Your Business

