

# We don't have plan B because there is no planet B!

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Corporate Social Responsibility, or the popular buzzword CSR, is not a new phenomenon for corporates as they have felt its importance and impact for decades. And, like any other time-driven changes in business aspects, corporates are experiencing a transition within CSR too.

Recently, the focus of CSR activities shifted to align itself with the UN's sustainability goals. The UN initiative, Sustainability Development Goals (SDGs), brings 17 environmental and social issues under one umbrella. These SDGs facilitate companies to define their CSR initiatives to make it relevant for all stakeholders, and align towards creating a sustainable planet for all.



*As per The UN initiative, Sustainability Development Goals (SDGs)*

A few examples include the following.

- Walmart, as a part of its sustainability initiative, decided to keep track of its greenhouse gas emissions. This helped the company lower the carbon footprint of its trucking fleet and supersize stores and quantify the greenhouse gas emissions associated with the products offered on its shelves.
  - Ford adopted a 10-part environmental policy, under which the firm
    - Updated vehicles to use sustainable fabrics. This made 80% of its vehicles (Focus and Escape) as recyclable
    - Focused on fuel efficiency in six-speed transmission to make heavy duty trucks cleaner for environment
    - Recycles paint fumes as fuel in its Michigan based plant
  - Acuity's has adopted various environment friendly steps:
    - Implemented an environmental and sustainability policy that would help the company in
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using natural resources and reducing the company's impact on environment.

- Established procurement policies and a vendor code of conduct
- Created an employee-led environmental task force

CSR activities have recently been witnessing a change, and corporates are now expanding the scope and involving more stakeholders.

### **The company could reap the major benefits of adopting sustainability in their CSR activities.**

- **Increased revenues from “responsible” products and services:** According to a Nielsen study, 67% of global consumers are willing to bear the extra cost for products/services from companies committed to CSR.
- **Increased cost savings:** Sprint introduced a buyback program, where it would purchase old phones from customers to recycle. Sprint saved more than \$1 billion dollars in costs since it began the initiative.
- **Supportive government policies:** Canada introduced funding programs, such as the Aboriginal Fund for Species at Risk and the Agricultural Youth Green Jobs Initiative, for companies that plan on going green.
- **Employee attraction and retention:** According to Inc.com, sustainability initiatives in the workplace have shown to improve employee engagement and retention.
- **Favorable public sentiment:** Like stakeholders, consumers too are becoming more conscious of the rising environmental and social conditions and have started to favor companies that adapt sustainable operations.
- **Lower carbon footprint:** Companies that take steps to lower their carbon footprint automatically achieve their sustainability goals.

### **If companies are not focused on sustainability issues, it not only misses growth opportunities but could also face certain risks.**

- **Higher reputational cost:** Companies that work towards sustainability will get rewards, while those that ignore SDGs could see a dip in profits and reputation in the market.
- **Litigation/increased regulation:** Business and environmental concerns are correlated. Companies that ignore this risk could face legal action. For example, a violation of an environmental law in the US is considered a civil offense, which could result in penalties and civil sanctions, such as an injunction.

### **Why do some companies yet refrain from adopting CSR?**

Despite the numerous activities and conferences, only 52% of companies use sustainable-sourcing practices. This could mainly be due to the following challenges.

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- Often sustainability processes are associated with increased costs to businesses, which gets passed on to consumers.
- Even if companies adopt CSR initiatives, they are still unclear on how to assess the impact of these initiatives.

**A few strategies that can help enable an impactful CSR have been given below.**

- Understand local communities and their developmental challenges
- Identify SDG-based goals in the local operating environment for higher impact
- Identify operating activities that have the potential to create negative impact, and work toward their solutions
- Engage stakeholders, including local communities for effective benefits
- Create measurable and time bound goals

The critical challenge is where to place sustainability activities that can provide the maximum desired positive effect on SDG results and strengthen the firm's brand and perception.

MA Knowledge Services, equipped with its prowess of research methods and experience of analyzing various markets across the globe, has helped clients in developing understanding and guiding them through the CSR impact spectrum.

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