

REPORT ON
EIGHTEENTH SOCIALLY RESPONSIBLE
BUSINESS DEVELOPMENT NETWORK

THEME: “GOOD PRACTICES ON CSR”

July 10th, 2008

Socially Responsible Business Development Network (SRBDN)

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ACKNOWLEDGEMENT

On behalf of Socially Responsible Business Development Network (SRBDN) we would like to thank the presenters Mr. Prabhakar Bikram Shah, Factory Manager, Surya Nepal and Mr. Suresh Kaji Shrestha, Factory Engineer, Surya Nepal for taking out their time to share the CSR practices of Surya Nepal. We would also like to thank the second presenter of the forum Ms. Canan Gunduz, Senior Program Officer, International Alert - Head Office for sharing her experience on conflict sensitive CSR.

Similarly, we would like to extend our gratitude to Mr. Jayendra Rimal, Principal Consultant, Management Dynamics for moderating the forum and Ms. Catrin Frohlich, CSR Expert, NBI for wrapping up the program.

We acknowledge the support of FNCCI for hosting the Eighteenth SRBDN forum in FNCCI building and contributing the overall logistic for the forum.

Our sincere thanks also go to all the participants who attended the eighteenth forum on Socially Responsible Business Development Network, who took time to participate, discuss and share their views and ideas.

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ACRONYMS

CSR	Corporate Social Responsibility
EHS	Environment Health Safety
ETP	Effluent Treatment Plant
FNCCI	Federation of Nepalese Chambers of Commerce and Industries
GRI	Global Reporting Initiatives
ISO	International Organization for Standardization
ITC	Imperial Tobacco Company
NBI	National Business Initiatives
SRBDN	Socially Responsible Business Development Network

1. RATIONALE BEHIND THE FORUM

Corporate Social Responsibility (CSR) is part of an international drive towards transparency and accountability of business activities and a way of monitoring how business perform against environment, ethics and society. SRBDN is a platform to share information, knowledge and experience on CSR. The rationale behind the meeting was to have a well functioning knowledge and information-sharing network on CSR.

Objective of SRBDN

- Facilitate sharing information, experiences and ideas on Corporate Social Responsibility in Nepal.
- Facilitate identification of common interests and development of joint efforts and create synergy among facilitators, providers and donors.
- Awareness raising
- Cooperation between large organization and SME.
- Integrating CSR in education

2. OBJECTIVE OF THE EIGHTEENTH FORUM

The objective of the eighteenth forum on SRBDN was as follows:

- To share the best practices on CSR in Nepal
- To know the inspiration behind CSR activities and its benefit to the organization
- To have a view point on conflict sensitive CSR

3. PROCEEDINGS OF THE PROGRAM

3.1 Programme Overview

The Eighteenth Socially Responsible Business Development Network forum took place at FNCCI, Teku on July 10th, 2008. The theme for the forum was “**Good CSR practices**”.

Ms Reema Shrestha, Coordinator of SRBDN welcomed all the participants and requested Mr. Jayendra Rimal, Principal Consultant, Management Dynamics to moderate the forum.

3.2. Presentation on CSR Practices of Surya Nepal

By Mr. Suresh Kaji Shrestha, Factory Engineer, Surya Nepal

Mr. Suresh Kaji Shrestha, Factory Engineer of Surya Nepal was the first presenter of the forum. He started his presentation with the milestones of Surya Nepal at Simra factory. He shared that Surya Nepal received the first national safety award in 2057/58 BS. He also informed that Surya Nepal has received the FNCCI excellence award twice in 2059/60 and 2063/64 BS. Mr. Shrestha was proud to share that Surya Nepal Housing colony has also been accredited with ISO 14001 & OHSAS 18001 which is itself a first kind in Nepal. Further to the milestone of Surya Nepal Mr. Shrestha shared the CSR activities of Surya Nepal which has been focused in four board theme which were Asha (empowerment), Kehlparyatan (sports tourism), Prakriti (nature) and Suswasthya (health).

In community empowerment initiative Surya Nepal activities included construction and maintenance of schools, adult literacy program, road building, free income generating training camps for underprivileged women, training on producing high yield seeds to farmers etc. The Simra team as a part of CSR initiative has promoted “Student Quality Circle” in schools with a motive to prepare Total Quality People for the future. Surya Nepal sports and tourism initiatives included development of sports and Tourism in the country as well as helping in restoration of heritage monuments of Nepal. As part of nature/environmental activities the project included afforestation and tree plantation as well as adopting environmentally safe industrial practices in the organization. Surya Nepal community health initiatives included free health camps, blood

donation program, eye camps and dental camps for the underprivileged. Two ambulances were also donated to the community by Surya Nepal.

Mr. Shrestha also focused on other CSR activities of Surya Nepal which were targeted to Leaf growing area of Surya Niwas which were road graveling, vermin-composting, tree plantation and free sampling distribution. Surya Nepal with its responsibility to the worker family in Surya Niwas has given various trainings to the housewives which were mushroom farming, vegetable farming and vermin compost training.

Mr. Shrestha shared that Surya Nepal Simra factory has been certified with Social Accountability 8000 and believes in its policy as well as Environment Health Safety (EHS) policies. He also talked about the various environmental friendly technologies practiced by Surya Nepal which were Turbo ventilators-based on Renewable energy, York Chiller, Double Skinned AHU etc.

Surya Nepal as part of its employee welfare scheme has constructed a 149 units colony called Surya Niwas. It has a subsidized canteen for the employee and also provides medical facility to employee and its family. It has provision of life insurance as well as retirement fund for employees. Transportation is also provided to the factory workers from Simra to Birgunj and back.

As a way ahead Surya Nepal wants to be a carbon and water positive company where at present its carbon emission is 1500 where 500 has been reduced through screw and for water consumption it consumes 400 KL of water per day where 100 KL is recycled and reused through Effluent Treatment Plant (ETP).

Issued Discussed

The first discussion round was very interesting where various issues were discussed. The key issues discussed were as follows:

- Inspiration for Surya Nepal to start with CSR activities and the total budget spend on it.
- The CSR activities done by the organization itself or in partnership with NGOs and the location it is focused on.

- The tangible and intangible benefit to Surya Nepal through CSR activities.
- Selection of CSR project for Surya Nepal and the impact assessment of the project.
- Assuring the suppliers follows the responsible practices and backward linkages with the suppliers.
- Any Plans to contribute to medical research such as for cancer research
- Initiative to discourage children from smoking

On the different issues discussed the Surya Nepal team (including the factory manager, factory engineer, HR officer and social officer) answered and discussed in all the points. The team informed that Surya Nepal is a subsidiary of ITC group India therefore they are the main inspiration for CSR activities. ITC group auditors visits Surya Nepal factory annually to audit on EHS policy. They informed that it is not possible to spell out the exact budget allocated for CSR activities annually but informed that the figure is huge. They also shared that they follows Global Reporting Initiatives (GRI) principles to prepare their annual sustainable report for internal purpose. Surya Nepal CSR activities are done in partnership as well as by the employees themselves. Their CSR activities are focused in factory areas but are not limited to the factory. They also shared the partnership with Morang Chambers of Commerce where they provides training to local women on sewing and stitching who are later as per their capability hired back in the garment division. While talking about tangible and intangible benefits the team informed that they have not really calculated the tangible benefits but enhancement of brand is itself a benefit to the organization. They shared that they develop 5 years plan for CSR activities which is done on consultation with the community and are later updated on need basis. The project are mostly selected as per the need basis of the community but the impact assessment of the project is not yet been done.

As for backward linkages they informed that they purchase leaf from the farmers where financial and technical support is provided to them as well as a buy back guarantee is given. Surya Nepal does not have any provision at present to support cancer hospitals or research centers. Surya Nepal while putting advertisement of cigarettes they put it above waist length so that children cannot see it and also they are working on awareness program with wholesalers and dealers to not to sell the cigarettes to retailers where children also acts as a sales person.

One of the feedback from the participant was that may be Surya Nepal can think of Surya Fund by contributing 1 paise per stick to support cancer research in Nepal. One of the participants also shared that the Company act 2063 of Nepal, Section 105 (gha / ऋ) has dictated that a company can spend annually NRs. 50,000/- per year or 1% of 3 years gross profit whichever is less on donation, grant or gift and if the amount is more than this than an approval from the shareholders is needed in annual general meeting. This criteria is applicable only for Public limited company or those company which has taken loan from the bank.

3.3. Conflict Sensitive CSR

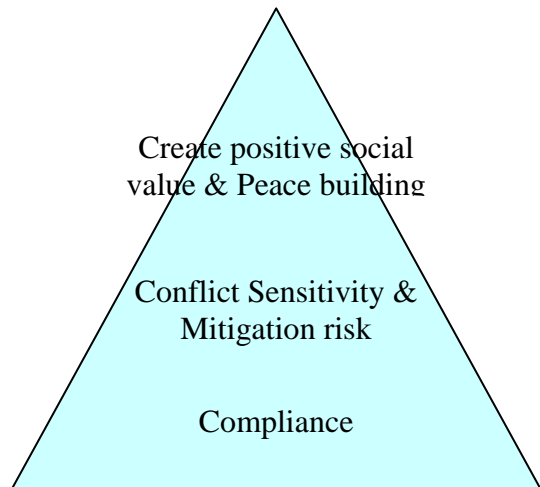
By Ms. Canan Gunduz, Senior Program Officer, International Alert - Head Office

Ms. Gunduz was the second presenter of the forum. Her presentation topic was Conflict Sensitive CSR. Her presentation focused on the role of private sector in peace and stability and how it can contribute. She also focused on conflict prevention and peace building through CSR.

Ms. Gunduz presented three assumptions on business and peace building which were Business requires a peaceful operating environment, Business can directly contribute to a peaceful operating environment but good company conduct requires contextual sensitivity to avoid harm. Businesses have to be aware of their context of operation and CSR is a constant learning for businesses. Peace building Aims to prevent the outbreak, the recurrence or the continuation of violent conflict and seeks to transform those attitudes, behaviour, relationships and structural conditions that feed violence and make it more likely. She also explained that conflict sensitivity helps one to Analyse systematically the conflicts and challenges faced by ones community and wider society, understand how your company operations interact with this wider context and act on this understanding to maximise positive impacts, and minimise negative ones. 'Ms Gunduz also shared an example of an oil company using conflict analysis and conflict-sensitivity, which led it to decide to refrain from displacing a whole community to dig oil wells in a locality, but

instead to work with the community to determine how best to dig the wells in a way that would allow the community to remain where they were. This revised approach helped build confidence between the company and the community.

Ms Gunduz also shared a CSR framework that guides a company to engage at three levels: the minimum requirement is 'compliance', with national rules and regulations, but also with international standards and emerging good practices, even where this is not a legal requirement. As thinking on the international legal environment for business, and corresponding



business practice, is developing rapidly, this will help companies stay ahead of the curve, and can help build a good reputation.

Company should do not harm to anybody. Sometimes even with 100% compliance, corporate conduct can mirror wider conflict dynamics. Businesses should bring positive values. It should recognise the peace potential within ones own company and operations.

She informed the participants that International Alert Nepal office is trying to work with businesses on CSR and peace building in collaboration with NBI through FNCCI and district chambers.

Discussion round

After the second presentation it was discussed that the term CSR itself is not clear with Nepalese businesses as it is used synonym to philanthropy. CSR is becoming very vague therefore businesses need to concentrate in one area to start with. Businesses should link CSR with peace

building where one of the activities of CSR could be employment opportunities to young people. It was also discussed that for small and medium businesses one may not need to use the word peace building but they are already practicing it therefore it changes from business to business and context to context. In Nepal sensitization of CSR and peace building is needed where the end outcome will be peace.

4. WRAP UP

Ms. Catrin Frohlich of NBI wrapped up the forum and thanked all the participants of the forum for the interesting discussion. She informed that businesses need to talk to publicize their CSR activities and through CSR they can contribute to peace building.

5. ANNEXURE

5.1 Program Schedule – Eighteenth SRBDN Forum

Date: 10th July 2008, Thursday

Venue: FNCCI, Teku, Kathmandu

Phone: 4262061 / 4262218

Theme: “Good practices on CSR”

2:45 - 3:00	Registration
3:00 - 3:15	Welcome Address by Ms. Reema Shrestha, SRBDN Coordinator Moderated by Mr. Jayendra Rimal, Management Dynamics
3:15 – 3:45	Surya Nepal CSR practices Mr. Prabhakar Bikram Shah / Mr. Suresh Kaji Shrestha Factory Manager, Surya Nepal 30 minutes
3:45 – 4:15	Discussion Round 30 minutes
4:15 – 4:35	Conflict Sensitive CSR Ms. Canan Gunduz Senior Program Officer, Head Office, International Alert 20 minutes
4:35 – 4:50	Discussion Round 15 minutes
4:50 – 5:00	Wrap up Ms. Catrin Frohlich, NBI 10 minutes

5.2 List of Participants

**Eighteenth SRBDN Forum
Good practices on CSR
10th July 2008**

S N	Name	Designation	Organization
1	Ms. Shilpi Joshi		Butwal Power Company
2	Mr. Biplav Man Singh	President	Computer Association of Nepal
3	Mr. Trilokya Malla	Managing Director	Direction Exhibition and Convention Center
4	Ms. Sweety Rajkarnikar	Marketing Executive	Direction Exhibition and Convention Center
5	Mr. Satya Narayan Chaudhary		ECCA Nepal
6	Mr. P K Shrestha	Chairman	ECCA Nepal
7	Mr. Yogendra Chitrakar	Director	ECCA Nepal
8	Mr. Neeraj Nepali	Director	Enterprise Initiatives
9	Mr. Yagyana Shakya	Legal Officer	FNCCI
10	Mr. Hansa Ram Poudel		FNCCI - Employers Council
11	Mr. Ishwor Shrestha		FNCCI - HIV/AIDS Program
12	Mr. Shekhar Golchha	Executive Director	Golchha Organization
13	Mr. Shameer Khanal	GTZ Advisor	GTZ
14	Mr. Ashesh Pant	GTZ Focal Point	GTZ
15	Mr. Gyanendra Gurung	Marketing Manager	HIMCOOP-NEPAL
16	Ms. Canan Gunduz	Senior Program Officer	International Alert
17	Mr. D B Subedi	Sr. Program Coordinator	International Alert
18	Ms. Richa Gautam		International IDEA
19	Mr. Jayendra Rimal	Principal Consultant	Management Dynamics
20	Ms. Catrin Frohlich	CSR Expert	National Business Initiatives
21	Mr. Damodar Shrestha	Central PABSON officer	PABSON
22	Mr. Mahendra Pd. Maskey	Joint Treasurer	PABSON
23	Mr. Khadga Bdr. Katuidel	Secretary	PABSON
24	Mr. Sudrashan Shrestha		Save the Children Norway
25	Mr. Akash Shrestha		Save the Children Norway
26	Mr. Masako Tanaka	Social Inclusion Advisor	SNV/Nepal
27	Ms. Monisha Rajbhandari		SNV/Nepal
28	Ms. Reema Shrestha	Coordinator	SRBDN
29	Ms. Sherab Dolma Rana	Coordinator	Step Foundation
30	Ms. Miriam Lindwer	International Consultant	Sunflower Coaching
31	Mr. Prabhakar Bikram Shah	Factory Manager	Surya Nepal
32	Mr. Arjun P. Kandel	Social Development Officer	Surya Nepal
33	Mr. Dipesh Man Shrestha	HR Officer	Surya Nepal
34	Mr. Suresh Kaji Shrestha	Factory Engineer	Surya Nepal
35	Mr. Ambar Bahadur Thapa		Unilever Nepal Ltd.
36	Mr. Kishore KC	Program Specialist	USAID/Nepal
37	Ms. Paro Chaujar	Independent consultant	