

REPORT ON
EIGHTH SOCIALLY RESPONSIBLE BUSINESS
DEVELOPMENT NETWORK

THEME: “ENVIRONMENT PROTECTION AND CSR”

January 6, 2006

Socially Responsible Business Development Network (SRBDN)

PO Box 3459, Kathmandu, Nepal

Tel: +977-1-5530313, Fax: +977-1-5520131

srbdnepal@yahoogroups.com

ACKNOWLEDGEMENT

On behalf of Socially Responsible Business Development Network we would like to express our sincere gratitude to the presenters of the session, Mr. Viraf Mehta, Chief Executive of Partners in Change, India for taking his time from his busy schedule to share his valuable experience on CSR and Mr. Dina Mani Pokharel, Sr. Theme Leader of ActionAid Nepal for his valuable inputs on the environment law of Nepal. We thank the speakers, Mr. Kalyan B. Pradhan, Consultant for WWTP, Danida and Mr. Vishwaraj Gyawali, Managing Director of Social Tours P. Ltd. for sharing their experiences and providing information on CSR on their field. We also show our appreciation to the moderator Mr. Rajiv Pradhan for moderating the session.

We also appreciate the lively participation of all the members who attended the Eighth SRBDN on January 6, 2006 and we extend our gratitude for sharing their views and perceptions.

We thank Ms. Rachana Tuladhar and Ms. Sunita Shakya of Lotus Opportunities for their support in the forum.

EXECUTIVE SUMMARY

The Eighth SRBDN forum took place at Yala Maya Kendra on January 6, 2006. The theme of eighth forum was **“Environment Protection and CSR”**.

Mr. Viraf Mehta, Partners in Change, India shared his experience on CSR in India and also raised the issue of how important it is for organizations to come together regionally in South Asia to share resources on CSR . Mr. Dina Mani Pokharel from ActionAid Nepal delivered an overview of Environment Protection Law in Nepal and why environment is important in CSR.

Mr. Kalyan B. Pradhan from Danida shared his perspective of how businesses should Protect Environment as a part of CSR. He also gave few examples on companies in Nepal who are practicing good environment law. Mr. Vishwaraj Gyawali an entrepreneur in a tourism sector shared his experience and practices on CSR and how they have been promoting responsible tourism.

Environment is one of the key stakeholders of businesses and one has to protect it. This forum addressed the necessity of protecting environment while doing business as part of CSR. Businesses have to take care of their surroundings i.e. environment for future and encourages others to value it too.

TABLE OF CONTENTS

ACKNOWLEDGEMENT..... 2

EXECUTIVE SUMMARY 3

TABLE OF CONTENTS 4

ACRONYMS..... 5

1. RATIONALE BEHIND SRBDN 6

 1.1 OBJECTIVE OF SRBDN 6

2. OBJECTIVE OF THE EIGHTH FORUM 6

3. PROCEEDINGS OF THE PROGRAM 7

 3.1 BACKGROUND..... 7

 3.2 SPECIAL GUEST 7

 3.3 ENVIRONMENT PROTECTION LAW IN NEPAL..... 9

 3.4 PROTECTING ENVIRONMENT AS PART OF CSR 10

 3.5 EXPERIENCE SHARING OF SOCIAL TOURS ON ENVIRONMENT PROTECTION..... 11

4. WRAP UP 13

5. ANNEXURE..... 14

 5.1 PROGRAM SCHEDULE..... 14

 5.2 LIST OF PARTICIPANTS 15

ACRONYMS

| | |
|-------|---|
| AAN | ActionAid Nepal |
| CP | Cleaner Production |
| CSR | Corporate Social Responsibility |
| EMS | Environmental Management System |
| ESPS | Environmental Sector Programme Support |
| GRI | Global Reporting Initiative |
| INGO | International Non Government Organization |
| LO | Lotus Opportunities |
| NGO | Non Government Organization |
| NTB | Nepal Tourism Board |
| PiC | Partner in Change |
| SME | Small Medium Enterprise |
| SRBDN | Socially Responsible Business Development Network |
| ISO | International Organization for Standardization |

1. RATIONALE BEHIND SRBDN

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, business ethics and society. A platform to share information, knowledge and experience on CSR was felt. ActionAid Nepal and Lotus Opportunities initiated the forum on CSR in October 2004. The rationale behind the forum is to have a well functioning knowledge and information-sharing network on CSR.

1.1 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 EIGHTH FORUM

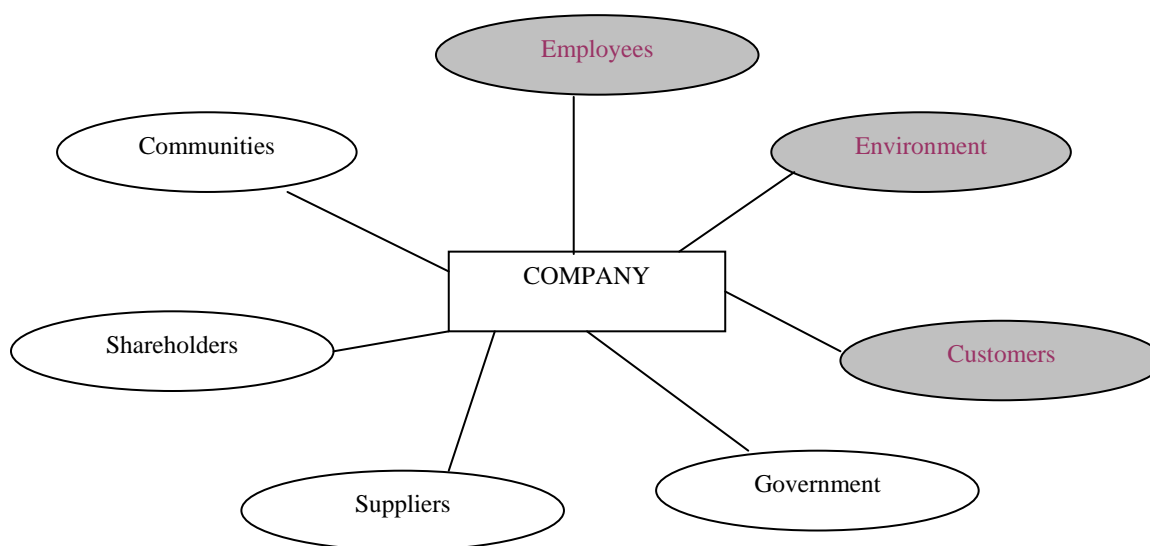
Environment is one of the important stakeholders for most of the businesses. Businesses while operating have to always consider how they could have minimum negative impact to the environment. The objective of the eighth forum was as follows:

- To create awareness on environment protection in Nepalese perspective.
- To learn what are the legal perspective of environment rights in Nepal.
- To share the experience of best practices of businesses on environment protection in Nepal

3. PROCEEDINGS OF THE PROGRAM

3.1 Background

The Eighth Socially Responsible Business Development Network took place at Yala Maya Kendra, Patan Dhoka on January 6, 2006. The theme for the forum was “**Environment Protection and CSR**”. SRBDN has been addressing the key stakeholders¹ of businesses in different forums. In last two forums it addressed employees and consumers (to download the reports please log on to <http://www.srbdn.org.np/resources.php>) and explained how businesses should act responsible towards these stakeholders.



The first half session of the eighth forum was moderated by Mr. Rajiv Pradhan, Executive Director of Lotus Opportunities and rest was by Ms. Reema Shrestha, Coordinator of the forum.

3.2 Special Guest

Mr. Viraf Mehta, Chief Executive, Partners in Change² (PiC), India was the special guest for the forum. Mr. Mehta has an experience of both private and NGO sector as he worked in Tata

¹ Stakeholder: Any group or individual who can affect, or is affected by, an organization or its activities. Also, any individual or group that can help define value propositions for the organization.

² www.picindia.org

India for more than a decade and now has been heading PiC an NGO based in India. He was in Nepal to explore the possibilities to work regionally (in South Asia) on CSR.

Mr. Mehta shared his experience in the mining sector in Jharkhand District, East India and how he had to deal with the local tribal people to get a license from them to operate the Tata's mining business. He explained that it is important to get a license from any local community before the factory is established so that the company could run smoothly and to do this one has to practice ethical business and also have to generate employment to the locals. He gave a very good example of Vedanta (a British mining and aluminum production company whose operation are in India) which had a very good environment practice around the mining area but had no ethical practice due to which they did not get a license to operate from the local community. Mr. Mehta said that sectoral individual code is important for businesses in steel or aluminum sectors.

Mr. Mehta explained that a certain principles or a common framework is needed for all businesses. UN is coming out with UN Norms which are good for all organization. This tool on CSR will have greater role for businesses whether it is in South Asia or somewhere else as it is supported by the civil society / right bases organization and also has credibility. ISO a private company is also coming out with a CSR code ISO 26000 by 2008³. He feels that ISO code on CSR has to be more of guidance than a standard which could help businesses.

Mr. Mehta informed that as from 1st January 2006 SAFTA and Social Charter have come into being, which is a very good opportunity for South Asia. He also said that NGO sector or a private sector is vanishing and instead a hybrid known as social entrepreneur has started.

3.2.1 Issues Discussed

- CSR have to come from inside and should not be just a checklist or any other standards.
- CSR cannot be outsourced therefore mangers have to be trained.
- One should not take CSR as about whom to be accountable to or a code but an opportunity for businesses.

³ <http://www.iso.org/iso/en/commcentre/pressreleases/2005/Ref972.html>

- It is important to communicate CSR to all stakeholders and monitoring and reporting is also important. Global Reporting Initiative (GRI)⁴ has come out with a reporting system which all businesses have to welcome it.
- For businesses in Nepal successful business model is needed and the regional sharing on CSR from South Asian countries will add value to this.
- Private Sector instead of trade quotas should be more competent.

3.3 Environment Protection Law in Nepal

Mr. Dina Mani Pokharel, Senior Theme Leader - Globalization and CSR, ActionAid Nepal⁵, was the second speaker of the forum. Mr. Pokharel spoke on the *Environment Protection Law in Nepal*. He started his presentation by explaining what we understand by Environment. He briefed about how environmental pollution is created through various causes such as industrialization.

Mr. Pokharel gave an example of a case in 1984 in India in the State of UP and Arunachal where the mining industry depleted the forest. An NGO and the local community filed a case to Supreme Court and the mining industry had to close down its operation. He explained that the environment right does not mean just the environment but also include human right. Environmental right is the basic part of human right, which is right to dignity, and integrity of human. If you are doing business and disturbing the environment you have to take additional responsibility for the society, as you are the part of it, which is known as social responsibility.

Mr. Pokharel also gave the status of Environment law in Nepal. International environmental law says that, provision of international law is a part of national law and both are applicable. Sectoral laws are also for same provision. If you are violating any of these laws you are permissible to punishment. In Nepal, some laws are lacking in case of environmental law. We don't have regulatory mechanism and institutional mechanism to ensure the environmental law. If environmental friendly technology is bought then there is wavering of taxes.

⁴ www.globalreporting.org

⁵ www.actionaid.org/nepal

3.3.1 Issues:

- One of the issues discussed on this session was whether CSR has to be voluntary or accountable. A participant said that as businesses do not follow all the law, if even CSR is made accountable then businesses may start avoiding it as any other law. On this it was discussed that this topic of voluntary or accountable is still debatable globally.

A participant shared the problem of brick kiln industry in Nepal. Though this industry has fulfilled the standards of the government it is getting pressure from community people to move out brick kilns from their locality. Addressing this problem, Mr. Pokharel replied that the law has given certain right and responsibility to different industries. If violence of fundamental law occurs they can go to court. Regarding brick kiln, the government has some new norms and most of them are avoiding it. He added, merely law cannot solve this kind of problem; people have to be socially responsible.

3.4 Protecting Environment as part of CSR

Mr. Kalyan B. Pradhan, Consultant for WWTP, Danida was the next presenter and his presentation focused on environmental management especially in brown sector i.e. industrial and urban pollution. Mr. Pradhan briefly described the presentation. He said, CSR deals with stakeholders in the society i.e. Environment, Marketplace, work place and society. Protection of environment is a must because it affects all even our future generation. At the same time, Industrial development is also important to increase GDP, generating employment. Hence the solution here is to have sustainable business development. To reduce the global environmental problem Cleaner Production (CP) has been introduced. Treatment of pollution after making the pollution is not true. Hence, stepping in to environmental ladder after 2000 we now talk about sustainable development. In Nepalese context environment is not a part of law before 15 years. The Constitution of Nepal in 2047 (1990) gave importance of environmental protection and then Ministry of Environment was established. Similarly other acts and regulations were made to address the environmental issues. However, these acts are not strong and effective in Nepal that is why it is said that ‘Acts and regulations in Nepal do not have teeth’. In 1999 Danida had launched ESPS programme, which strategically emerged cleaner production. The status of CSR

in Industrial Development Status in Nepal is very low but picking up slowly as international pressure has come to Nepal (e.g. Labour laws, OHS, Child Labour, WTO etc.).

According to the experience of ESPS there are some good examples of Nepalese industries that have been socially responsible. They are: Govawari Marble Industries who has joined ESPS on 2000-02, now they are proud to show off their environmental efforts. Another example is Nebico Pvt. Ltd. who joined CP Intervention in 2000 and also joined EMS. They have very good labour welfare facilities, involvement of civil society and also appeal to all of its employees not to use child labour servants. Asian Paints is also another good example who has joined CP Intervention in 2000. Other companies like Gorkha Brewery Ltd., Nepal Lever Ltd., and Colgate Palmolive Ltd. etc. There are various benefits from CP/EMS implementation, some of them are: compliance to standards, resources saving and environmental protection and meet international requirement. At the end of the presentation Mr. Pradhan stated that, 'environmental protection is not just cost retaining business but it is preventive business' as well.

3.4.1 Discussion:

Participants enjoyed the presentation of Mr. Pradhan. During the discussion session they commented that there are a lot of new initiation in regards to CP, ESPS should bring such initiation to Nepal. Mr. Pradhan mentioned that they have a plan in second phase to bring new technology in regards to CP. They are also preparing a manual for organization and they have also training more than 3000 people. It was also queried about the difference between policy and practice of CP. Addressing the query, Mr. Pradhan replied that CP is not a one-time job but it is a continuous process.

3.5 Experience sharing of Social Tours on environment protection

Mr. Vishwaraj Gyawali, Managing Director of Social Tours was the last speaker of the forum. Social Tours⁶ is a responsible travel company who has been practicing CSR since its inception. In Nepal tourism sector has mixed impacts. Taking action to increase the positive impacts and reduce the negative impacts is vital to the future sustainability and profitability of tourism.

⁶ www.socialtours.com

Mr. Gyawali emphasized that Nepal is an ideal ground for CSR and Social Tours is designed to be socially responsible company. They have undertaken product, social and economic missions to provide visitors to Nepal memorable holiday experiences through proper planning and implementation of tours exceeding each holidaymaker's expectations. Underlying mission of Social Tours is the determination to seek new and creative ways of addressing all three parts, while holding a deep respect for individuals, inside and outside the company, and for the communities of which they are a part. They believe in creativity to move ahead in the business. Respect for every individual, social responsibility of business and the importance of environmental conservation are some of the values that Social Tours has taken and has been following. In his presentation it was nicely stated that, *'the environment is our greatest asset and needs preservation. Exploiting nature is short term and yields unsustainable dividends whereas protecting nature yields spiritually rewarding and sustainable dividends'*.

The responsibility of protecting environment falls to all players of society whether it is an INGOs, NGOs, Private companies or other sectors. Mr. Gyawali explained how the Company & staff, Guides and Porters, Suppliers and other stakeholders and Travelers / Tourist have been following the norms of protecting environment. They aim to take responsibility for maintaining and improving the environment. They look for appropriate systems for minimizing water and atmospheric pollution from tourism developments and on top of that they are supporting local economic developmental and environmental projects. Another major practice they have been practicing is reducing the levels of energy use in offices and by the staff by recycling where possible and reducing paper use by increased training and use of computer technology. Another interesting point he shared was that all guides and porters, travelers and tourists are oriented on environmental protection issues and asked for minimum use of plastic, protection of wildlife etc. However, getting commitment from people is the biggest challenge. But they have taken the challenge to take this information to all the stakeholders and they are setting up new division for this. Mr. Gyawali also shared that he is also a member of Sustainable Tourism Network⁷.

⁷ <http://www.welcomenepal.com/stn>

4. WRAP UP

Ms. Reema Shrestha, Coordinator of the session wrapped up the session. She said that sharing of resources in South Asia on CSR will definitely help all the countries to bring this issue forward. She cited that just looking at one stakeholder is not enough, as per the case of Coca Cola in South India which had done a wonderful job in community activities, education to the local people but due to the excess drainage of water the community did not give a license to operate because of which the plant in South India was shut down. She said that businesses have to act responsibly but they have to remember that whatever they do as part of CSR, it has to hit their bottom line that is their profit as businesses are here to make profit and not to do social work. Through today's presentation we learned that businesses do not have to do big things as CSR but can initiate small things like what Social Tours did as minimizing paper wastages and recycling it.

At the end she informed that the 9th SRBDN forum will be held on the first week of March 2006.

5. ANNEXURE

5.1 Program Schedule

Eighth SRBDN Forum

Program Schedule

Date: 6th Jan, 2006

Venue: Gaushala Hall, Yala Maya Kendra

Patan (next to Patan Dhoka Post Office and Madan Puraskar Pustakalaya)

Theme: “Environment Protection and CSR”

| | |
|-----------------|--|
| 2:15 - 2:30 | Registration |
| 2:30 - 2:35 | Welcome by Ms. Reema Shrestha, SRBDN Coordinator |
| | Session Moderator Mr. Rajiv Pradhan, Executive Director, Lotus Opportunities |
| 2:35 - 2:45 | Special Guest Mr. Viraf Mehta, Chief Executive, Partners in Change, India 10 minutes |
| 2:45 - 2:55 | Environment Protection Law in Nepal Mr. Dina Mani Pokharel, Sr. Theme Leader, ActionAid Nepal 10 minutes |
| 2:55 - 3:15 | Discussion Round 20 minutes |
| 3:15 - 3:30 | Protecting Environment as part of CSR Mr. Kalyan B. Pradhan, Consultant for WWTP, Danida 15 minutes |
| 3:30 - 3:50 | Discussion Round 20 minutes |
| 3:50 - 4: 05 | Experience sharing of Social Tours on environment protection Mr. Vishwaraj Gyawali, Managing Director, Social Tours P Ltd. 15 minutes |
| 4:05 - 4: 25 | Discussion Round 20 minutes |
| 4:25 – 4:30 | Moderator’s Wrap up |
| 4:30 pm onwards | Networking / Tea Coffee |

5.2 List of Participants

| S.N. | I | F. Name | L. Name | Designation | Organization |
|------|-----|-----------|-------------|---|---|
| 1 | Mr. | Dina Mani | Pokharel | Sr. Theme Leader | ActionAid Nepal |
| 2 | Mr. | Bhisma | Subedi | Executive Director | Asia Network for Sustainable Agriculture and Bioresources |
| 3 | Mr. | Indrajit | Lahiri | CEO | Asian Paints |
| 4 | Mr. | Umeed | Shrestha | Senior Communication Assistant | Bank of Kathmandu |
| 5 | Ms. | Mallika | Shrestha | Proprietor | Craft Palace |
| 6 | Ms. | Moon | Shrestha | Sr. Program Officer | Centre for Rural Technology, Nepal |
| 7 | Mr. | R. P. | Pant | Executive Director | Cottage and Small Industries Development Board |
| 8 | Ms. | Geeta | Shrestha | | Empower Export Group |
| 9 | Ms. | Muna | Shrestha | Coordinator | Enterprise Development Network |
| 10 | Mr. | Kalyan | Pradhan | Consultant for WWTP | Danida |
| 11 | Ms. | Muna | Shrestha | Organizer | Jamarko Handmade Paper Products |
| 12 | Ms. | Junni | Rajbhandari | Student | Kathmandu University |
| 13 | Ms. | Preety | Shrestha | Student | Kathmandu University |
| 14 | Ms. | Sanchita | Garkhali | Student | Kathmandu University |
| 15 | Ms. | Sanita | Khadgi | Business Officer | Kumbershwor Technical School |
| 16 | Mr. | Binod | Shrestha | Professor | Kathmandu University School Of Management |
| 17 | Ms. | Richa | Adhikari | Marketing Manager | Laxmi Bank Limited |
| 18 | Mr. | Binod | Joshi | Legal Officer | Lotus Bizport |
| 19 | Mr. | Rajiv | Pradhan | Executive Director | Lotus Opportunities |
| 20 | Mr. | Deepok B. | Chhetry | Relationship Manager Privilege Banking | Nabil Bank |
| 21 | Mr. | Shitoshna | Timilsina | President | Nepal Environment Lawyers Association |
| 22 | Mr. | Egaraj | Pokharel | | Nepal Environment Lawyers Association |

| | | | | | |
|----|-----|------------|-------------|---------------------|------------------------------|
| 23 | Ms. | Brigitt | Lienhart | Member | Nepal Tourism Board |
| 24 | Mr. | Viraf | Mehta | Executive Director | Partners in Change |
| 25 | Mr. | Dilli | Joshi | Free Lancer | RONAST |
| 26 | Mr. | Dipendra | Shahi | SANDEEP M&E Officer | Save the Children |
| 27 | Dr. | Hemant | Dabadi | Research Director | SAWTEE |
| 28 | Mr. | Siddha Raj | Pant | Deputy Team Leader | Soaltee Group - PPP |
| 29 | Mr. | Vishwaraj | Gyawali | Managing Director | Social Tours |
| 30 | Mr. | Abhishek | Pradhananga | Reporter | The BOSS |
| 31 | Mr. | Gopesh | Maskey | Corporate Manager | Vijayadeep Laboratories Ltd. |
| 32 | Mr. | Anil Datta | Bhatta | Programme Engineer | Vertical Shaft Brick Kiln |
| 33 | Mr. | Dhan Lal | Shrestha | Free Lancer | |