Integrating CSR into Corporate Strategy

ADITYA BIRLA GROUP

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IOD Institute of Directors **Building® Tomorrow's Boards**

Distinguished Guests, Ladies & Gentlemen,

I am indeed delighted to be here once again, at the Golden Peacock Awards celebrations.

Over this decade, the Golden Peacock Awards have gained a good stature. I feel particularly encouraged by the on-going focus on CSR. The winning companies feel that the award is a testament to their being on the right track. And for the first time winners, it is a shot in the arm. So let me congratulate the IOD, for taking these initiatives on a large scale. It augurs well that the theme of the Conference continues to be on integrating CSR into a corporate strategy.

We live in an era of economic dysfunction, high in inequality, concerns abound on a sustainable future. The impact of technology, artificial intelligence and automation on mankind. Less than a decade ago, individualism was overwhelmingly rampant, coming down to us from ages. As George Elliot, the eminent author of the Victorian era remarked, "Individualism undermines economic and social foundations, taking the world as an udder, to feed our supreme selves." Predatory capitalism was the order of the day for several decades. Having said that, at the Aditya Birla Group, Kumar Mangalam has mandated compassionate Capitalism. He says, "Leadership in every sphere has to be about compassion. Even in business, we cannot adopt a system of unbridled capitalism. We have

to work towards a system of compassionate capitalism, which implies managing organisations in a manner that they work for everyone; employees, shareholders, the community and the ecosystem." Growth for growth's sake can never be an end itself.

When you pursue this path, there is increased employee commitment, and customer loyalty; where there is even the willingness to shell out more. Customer value is an important link that can in turn impact financial performance. And of course the reputational lever that such a philosophy provides is beyond compare.

In the recent past, there has been a tectonic shift in the mindsets of business houses, and in the very concept of business. Businesses have increasingly realised that they have to earn the respect and the goodwill of the society in which it operates. There is

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mindfulness amongst corporates on the inequities in society. There is an ascend on the shared vision of development. Businesses have to earn the license to operate and this they can do only by having a purpose that resonates well with all stakeholders. So today, business houses run businesses with a much larger purpose. I believe, and I see this at our Group, as Kumar Mangalam, my son, and Chairman of the Group says, an organisation's deepest purpose must be to resolve some of the pressing problems that we face, using business strategy to resolve them. Business goals and CSR goals converge. Let me provide you with an example, water is the lifeline of mankind, the life force of every means of sustenance. Fresh water is becoming increasingly scarce. Water conservation is a prerequisite to a secure future. As a group we have taken proactive measures towards water positivity within the plants and inside communities. Under the sustainability programme, all of our companies in India and globally are moving towards water positivity. Targets for each of the companies have a;ready been specified by Kumar Mangalam, prioritising water stressed areas first. All the twenty-two units of Ultratech are water positive. A similar goal has been set under the CSR umbrella. A lot of work is done towards water conservation in villages, in proximity to our plants. Approximately 130 billion litres of water has been conserved over the last five years. This has been accomplished through water-shed management, reservoirs, large dams, check dams, bunnings, ponds, rainwater harvesting, ground water recharging points and holistic watershed development projects that take care of irrigation and other agricultural needs.

The impact on communities is huge. Potable water is available round the clock. Agricultural productivity is up by 40% through multiple cropping packings. Income levels have risen by 30%. The Happiness Index is reasonably higher due to secure income and better economic situation. Initiatives such as these help future proof our Group, and provide an example of how we integrate our CSR strategies and business strategies. They are two sides of the same coin.

Let me also take this platform to advocate how we can harness the harmony of human intelligence and the processing power of technology, for the betterment of society needs particularly at the lower end. We can easily leverage emerging technologies artificial intelligence, robotics, genomics, augmented reality, block-chain and cyber-security for the good of mankind.

The ticket to enhancing human capital is by investing hugely in healthcare, education, training & skilling, through maximising technology at-scale. Let me give you two examples, one from the UNICEF project and the second relating to education. Block-based startup- StaTwig is helping UNICEF in improving food and vaccine distribution systems, more efficiently through blockchain platforms to make the food and vaccines distribution supply chain transparent and accountable. Likewise, through a combination of artificial intelligence and augmented reality, a world-class knowledge base becomes accessible to millions of children who just need access to a computer, a laptop or a mobile phone. Digital technology is also a great tool for personalised education, and learning at one's own pace.

Countries such as South Korea, Japan, Germany, Russia and China ahead because they put so much emphasis on education. As corporates, our responsibility goes beyond hard-wiring CSR into the business strategy, which is a must. It is our responsibility to ensure that we use the most contemporary modes to educate, train and skill

people.

That said, let me conclude on a personal note. "Have a heart" is one of the most commonly used phrases. I'm sure all of you say it every now and then. My take on it is that basically it is a metaphor for caring and compassion. In fact, it is a very emotional metaphor. The heart in my view gives the mind and the body splendid qualities such as duty, service, sacrifice, devotion and giving. So, "have a heart".

Thank you.