

CSR-Promoting safety and health as a key goal of CSR agenda

It is indeed a privilege for me to be here amongst this august gathering and share my views on the subject of Corporate Social Responsibility in the context of Safety and Health.

It is in the fitness of things that this conference is being held under the aegis of the office of the Chief Controller of Explosives (PESO) which has been doing yeomen service ever since its establishment in 1898. The Petroleum and Explosives Safety organization, as it is now called, has in the past more than 100 years of its existence, very clearly laid down the road map for the country's vital installations with the sole objective of ensuring the safety of public and protection of property from fire and explosions and today has emerged as the sole Statutory Authority entrusted with the administration of the Explosives Act 1884, Petroleum Act 1934, Inflammable Substances Act 1952 and various rules framed under various legislations from time to time. Their role in promoting industrialization of the country with an eye on the development on one hand, and safety & health on the other hand is indeed laudable and has clearly given the country the necessary thrust in this regard.

It is also very apt that this conference is being held in the state of Kerala, in God's own country and my home state as well. The city of Cochin is known for its rich culture and beautiful surroundings and a dream place for any tourist to be in. It is also the seat of industry and commerce with a major port, a large capacity oil refinery, reputed fertilizer units, a shipyard and a host of major and ancillary establishments besides having some of the best educational institutions in South India. The city of Cochin has always provided a platform for both nature and industry to co exist in harmony.

In order that industrialization of the economies do not impact the environment and health of the people in the form of pollution and discharge of effluents, industrial waste and so on, it is very essential for us to ensure that any intervention with nature by Corporate entities have to be carefully planned, balancing both growth and ecology. Hence, in my view, this topic occupies its rightful place for discussions in this seminar and I congratulate the organizers for having thoughtfully chosen this topic.

The theme of today's presentation viz., "Promoting safety and health as a key goal of CSR agenda" is one of the most relevant topics to speak about as promotion of the same is the core for survival and growth of business corporations across the globe, irrespective of the nature of business they are in. The growth and prospects of organizations in recent times are undoubtedly linked to the way the society perceives them both in their actions and in their approach towards discharge of CSR obligations.

Corporate governance and CSR is about the accountability mechanisms that govern the relations among the shareholders, board of directors, workers, and all other stakeholders, including the society. They are concerned with the core aspects of business behavior, i.e. about the way business makes money rather than what it does with the profits. This has a three dimensional impact by which responsible companies will be able to enhance value by building reputation, by understanding the social impact of its existence and management of its operational risks effectively. CSR can be defined as the duty of the organizations to conduct its business such that it acknowledges and respects the rights of the individuals which it impacts and promotes the welfare of the society in which it exists.

As a result, the concept of Triple bottom line accountability i.e., Financial, social and environmental is becoming more of a necessity than of convention for all companies and has thus emerged as one of the most popular approaches used by Corporations across the world, to measure their commitment towards 'Sustainable Development'. For an organization to be sustainable in the long run, it must

- be Financially secure
- minimize, or preferably eliminate, its negative environmental impacts; and
- act in conformity with societal expectations

All corporate, wherever they set their shops, need to be extremely sensitive to the growing demands of safety and health of the people, processes and operational practices. For, Organizations derive their existence from Society. We use its resources, produce, make profit and survive. But the tendency is to take many of societal resources as granted and deplete them without concern for the future. This causes counter effect on the environment besides not being conducive for the health of the people and their welfare. We forget that we did not inherit the environment from our predecessors but have borrowed it from the future generation and have to hand it over to them in good order for their sustenance. The other side of the coin is the safety of the people who work on the resources and the processes and the practices with which they work. Thus running of a modern business has ingrained in itself, a lot of societal, environmental and safety concerns which no corporate can afford to ignore.

At this stage, I thought it would be apt to quote one of India's proud sons and pioneer in the field of Corporate Social Responsibility i.e. Shri J R D Tata .

“Every company has a special continuing responsibility towards the people of the area in which it is located. The company should spare its engineers, doctors, managers to advise the people of the villages and supervise new development undertaken by co-operative effort between them and the company”

What does this mean to the organizations and how do they impact them? Does this mean mere compliance with the applicable rules and regulations in vogue on health and safety?

Today, according to me, there are enough stringent guidelines and laws prevalent governing health and safety and all organizations function within the ambit of these regulations. For example, on safety, we have equipment design specifications, layout specifications, operating processes specification and so on. Similarly on health and welfare, there are innumerable provisions in the Factories Act and other industrial Laws. Complying with all these regulations and rules cannot be termed as CSR, but an imminent business exigency. There is much more to look for and act when one speaks about the CSR agenda on safety and health.

Corporate Social Responsibility includes an organization's commitment to behave in an economically and environmentally sustainable manner, while recognizing the interests of all stakeholders. Socially-responsible business practices not only benefit employees but also the greater community at large. Being in an industry where we handle highly volatile products, there is an in-built requirement for the environmental needs to be taken care of in what we do, be it in refining, distribution or marketing.

The oil industry is one of the biggest contributors for polluting the world we live in. The emissions from motor vehicles and industrial chimneys have been directly held responsible for global warming; thereby causing climate changes that can have severe repercussions on the lives of people. The melting of glaciers and the resultant rise in sea water levels can cause havoc in coastal areas such as this great city.

In order to mitigate these ill effects, huge investments have been made on plant and equipment that reduce various types of pollutants, especially sulfur, from the refineries as well as other installations. The oil industry have been treating water before letting it out into the sea or other public water bodies, the ambient air quality in the precincts are strictly monitored for emissions of sulfur, particulate matter, carbon monoxide and other pollutants; and sludge and oil waste are handled with care so as not to contaminate ground water.

Similarly, the quality of transportation fuels has also improved phenomenally in the last two decades. Tetra ethyl lead, used for improving the octane rating has been fully phased out. Sulfur in diesel has progressively come down from 1000 ppm to 500 ppm and may eventually reach a level of 50 ppm when Euro IV quality standards are adopted in the country by 2010. The permissible limits of aromatics, benzene, etc in transportation fuels have also been brought down over the years.

An investment of over Rs.30,000 crores has been made by the oil industry in India for retrofitting the refineries to meet Euro II levels of product specifications. These investments do not have any financial returns but has tremendous social returns. It is expected that these measures would result in a decrease in respiratory diseases, reduce the carcinogenic impact of motor vehicle emissions and generally make the quality of life better in our towns and cities. The investment made in this regard should in some manner reflect in better health and therefore lesser public expenditure on health. Thus Social responsibility reshapes the way business should be done. From this dimension CSR can be looked at as an assurance from the corporate to all the stake holders that they are also sensitive to surroundings and the society's health and welfare.

An important dimension of CSR relating to safety and health is to make organizations follow the best internationally recognized safety practices and health policies even though they might entail additional cost, time and energy. "SAFETY COMES WITH A PRICE TAG". It is better to spend for safety and health rather than spending for the consequences.

History is replete with examples where organizations have learnt it the hard way the perils of ignoring process safety. In our own country we have had the Bhopal gas disaster and have seen for ourselves the disastrous impact it had on the people, their health and the environment

Each of these accidents is an eye opener for us and the root causes of such incidents need to be assimilated by all for validating the same with reference to their own organizational processes and for implementing necessary preventive safety methods.

Organizations need to have in their work permit systems the basic and fool-proof compliance regulations which cannot be compromised at all even at the extreme of exigencies.

All the organizations exist for a definite purpose and their activities are oriented towards achieving the same. In my view, safety and health of all the stake holders with

whom the organization interacts needs to find a predominant place in the visionary objective of the organization. While many organizations may have the same, those who do not have it need to revisit their vision and include this as a focus area. We in HPCL also aspire in our vision for our company to be a role model of excellence in meeting social commitment, environment, health and safety norms.

We all know the popular adage “prevention is better than cure”. Apart from the set guidelines and practices it is always better to increase the awareness amongst all stakeholders regarding the safety hazards and catastrophic outcome of ignoring safety. Therefore a structured approach in this regard is the need of the hour.

CSR is a valuable trend that provides new set of arguments for improving the organizational health and safety. It is one of the many forces that influence the business outcomes and aided with the governing & disclosure requirements, companies are also being rated on the CSR scale and index.

In one of the research publications published by Technopolis Ltd., and Emerging Markets Ltd. of USA (Research Report 339) there are some interesting observations made on the interconnect between the CSR, safety and health.

1. The main challenge in using CSR to promote OHS (organizational health and safety) is to overcome the premise that OHS is a compliance issue. OHS should be included in the curricula of HR courses and is to be considered as a key part of everyday business management.
2. The trade unions have pivotally an important role to play in using CSR to promote OHS in the role of employee representatives. They facilitate interaction between the business and one of their main stakeholders i.e., employees
3. There is also an important role for organizations promoting CSR. They tend to utilize major influences on customers, employees, investors and local communities to put pressure on business to improve social and environmental impacts.
4. One of the major action area for revitalizing health and safety strategy deals with public reporting of OHS performance. The aim is to raise the recognition among CEOs and Directors on the role that health and safety has to play in enhancing the reputation of the business and in achieving high performance teams.
5. The key to success in improving the quality of stakeholder engagement is to demonstrate good practices on OHS and that makes sense for employees to follow. Better OHS practices lead to improvement in their working conditions and their performance

In the Western world, the Corporate Responsibility Index is a new business tool for companies to assess and compare how they integrate responsible business practices through their organizations, which will assist companies in identifying gaps in performance, and establishing where future improvements on corporate responsibility can be achieved. I think we in India should also try on these lines, so that we can also play a better role in sharing the Corporate Social Responsibility in which Safety and Health are an integral part.

We should also recognize that sustainable business development includes environmental and social considerations as a part of long term business survival and growth. Unless the society is rich and be able to plough back resources; healthy and be able to add to human capital, there would not be any sustainable business development. Therefore ecological and social considerations have a strategic position in outcomes of purpose of the business – as bottom lines. That is where the role of CSR in promoting the Safety and health takes a predominant position.

Another interesting aspect that has come out in various studies on CSR and OHS relates to the fact that there is widespread disclosure on OHS performance as a part of CSR in large business houses, the same tails off rapidly in relatively smaller businesses. Even amongst large business houses, the disclosure comes down in IT/financial sectors where occupational health is more of an issue than occupational safety.

All organizations have a corporate budget for C S R on Safety and health. While causes like health clinics, safe drinking water provisions etc; are all acted upon by many Corporate, most of them are in the nature of donations or contributions through service organizations and reputed NGOs. However the real impact assessment of the CSR initiatives benefiting the targeted group would be the one to look for and focus upon. The process of this review and impact assessment itself will set in a cyclical process of corrections for the deviations from the desired outcomes. This would be one area where while promoting the CSR agenda, all organizations need to take care and guard.

Since we in the petroleum industry handle hazardous products, which can pose a threat to the employees and the surrounding environment around our locations - if not handled with proper care, the safety & health issue is top most in our minds.

The safety & health of all the stake holders (i.e., employees, workers & their families living in and around the vicinity of our locations, general public who have their dwellings in the areas near our locations), is the major focus area where our

Corporate Social Responsibility is oriented and concentrated upon. The various initiatives and steps taken in this direction are mainly to attain the twin objective of

- a) Keeping our work force healthy & happy in a safe environment so that their productivity levels increase thereby leading to higher production and
- b) Taking care of the external environment (reducing emissions, decreasing pollution etc. through effluent treatment plants, using latest technologies in the refineries to produce environmentally friendly fuel etc), fire safety measures, both within and outside our premises - all these are oriented towards the society at large and environmental protection. In fact the massive capital investments that have been made by oil industry in desulphurization projects and green fuel projects for environmental and health concerns are without eye on any returns but purely from health and environment points of view.

Talking specifically about HPCL, a major initiative on the CSR front, linked to health & safety is the AIDS awareness programmes instituted by our corporation through our Retail outlets, mainly concentrated on highways and rural areas, where the truckers' population visit our outlets to fetch their fuelling needs. HPCL in collaboration with social organizations has taken up a campaign of bringing in an awareness on AIDS among the truck drivers and cleaners (who are one large group in the country vulnerable to this dreaded disease) by educating them the ill effects, and providing condom vending machines at the retail outlets, distribution of pamphlets, literature etc. Similarly, when it comes to the safety of truck drivers, HPCL and other oil companies have taken a lead in educating the fleet crew (LPG, Petrol, Diesel Truck drivers / cleaners) on safe driving practices, the dos and don'ts while driving on highways etc. These safety orientation training programmes are conducted at our various locations like LPG Plants, Terminals, Regional offices, and targeted to provide a safe working environment to the truck drivers. They are many times the sole bread winners for their poor families and their safe return to their homes - after driving for long hours, traveling the length and breadth of the country - is our main concern. These programmes also help them in carrying or handling our products (which are hazardous in nature) with necessary precautions, thus avoiding potential accidents / dangers to the general public on the city roads / highways.

Further some of the projects of HPCL like Project Nanhi Kali for Nutrition, healthcare and literacy to 500 under privileged girl children in partnership with K.C.Mahindra Educational Trust, Project Muskaan for Shelter, Education, food, healthcare and literacy to 100 run away children / orphans in partnership with Prayas., and Project Vikas for Remedial education, library and vocational training for poorest section of children in one of the poorest district of India in partnership with CII. Expected to benefit around 5500 children - are all oriented towards health and welfare of the society at large.

One can always look at initiatives which are both business propositions and also have large CSR implications. Therefore, apart from philanthropic contributions, we can undertake a business to business activity which has a strong underlying societal benefit in promoting the health and safety, sustainable. One of such business initiatives recognized as a CSR model is HPCLs 'Rasoi Ghar' or 'Community Kitchen'. HPCL has pioneered and set up more than one thousand 'Rasoi Ghars' mostly in rural areas and also in pilgrim centres, hospitals etc. A room provided by the panchayat's village self help groups is renovated to set up a modern kitchen by HPCL with LPG connections, utensils and cleaning / washing facilities. Poor and rural folk who cannot afford investments for a LPG connection or cylinder can come and cook their food on a no-profit-no-loss affordable cost to be paid by the half-hour. The 'Rasoi Ghar' is managed by village panchayats and self help groups.

Similarly, realizing the time effort and money spent by the rural farmers in reaching to the source of supply to fulfill their vehicle fuel requirements, we have introduced 'Hamara pumps', a low cost retail outlet nearest to the source of rural populace. This has helped the farmers to save substantial money and energy apart from savings on the time taken for sourcing the fuels. Today we have 466 'Hamara Pumps' servicing the rural and remote areas and this we see as not only a business model but also as a unique service to the society for reasons stated above.

To conclude, the role of promoting health and safety as a CSR agenda is very vital for the well being of the employees, enhancing reputation of the businesses, creation of high performance teams as well as contributing to the financial success – all managements must be conscious and pro active to the fact that they have the collective responsibility in providing the health and safe leadership with clearly carved out roles for each one in this regard.

Also safety and health cannot be an individual's agenda, but has to be a collective and conscious process of building up a culture by weeding out unsafe and unhealthy practices. This calls for

1. clear understanding of the broader concept of health & safety policies and Corporate strategies in this regard
2. circumstances exposing the employees and society to risky situations and in-place strategies to counter the same,
3. clearly outlining goals and targets on safety & health issues and
4. Engagement of all those concerned on a continuous basis and increasing the awareness on modern safety practices - all to be part of the corporate agenda on CSR.

Before ending I would like to refer to one of the quotes I saw in the internet - "Safety is not a gadget, it is a state of mind" - Here I would like to recall an instance which our previous Chairman, my predecessor, refers quite often when talking about safety and safe practices. In One of his overseas tours, he was slightly late and egging the driver of the car to drive fast so that he can reach the destination at the appointed time. The driver would not budge but assured him that he will be on time for his appointment. Driving at a regulated speed, he reached the on time for his appointment. Later when my predecessor mentioned this to the officials of the host organization, he was told that if the car driver exceeded the speed limits and reached before the normal time, he would have been punished for driving rashly and violating the speed limits. This is the importance organizations attach to safety and health and they can make a great difference by their insistence on safe practices as a prelude to anything else in the organization.

We would be failing in our duty if we do not acknowledge the measures taken by Central and State Governments for enacting various legislations in this regard and ensuring safety and health of the people and the environment.

I would like to conclude my address by thanking my hosts once again for conferring on me this honor and the learned audience for giving me a patient hearing.

Thank you