

Business responsibility guidelines for foundry sector (CUPOLA based) for ajmer zila laghu udyog sangh (AZLUS)

Background & Context

Foundry units are faced with various critical social, environmental and governance issues which traditionally often went unnoticed. The primary focus was on financial gains and these secondary, often intangible aspects were ignored. However, it has been found that supported by foundry associations, the business are increasingly beginning to realize the impact of their actions on society as well as the environment and the importance of meeting the needs of the present generation without compromising the ability of the next. Businesses need to focus their attention on achieving the 'triple bottom line'- people, planet and profit. Thus, the financial performance needs to be balanced with the expectations of the society and the environment.

CUTS Centre for Competition, Investment & Economic Regulation (CUTS CCIER) with support from Foundation of MSME Clusters (FMC) is developing sector specific Business Responsibility Guidelines for the coke based cupola foundries operating under the Ajmer Zila Laghu Udyog Sangh (AZLUS) at District Ajmer, Rajasthan.

The National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVGs - <http://goo.gl/AOCh3t>) designed by Ministry of Corporate Affairs provides a guidance document for creating guidelines for the foundry sector. Though, the NVGs are designed for use by all businesses and sectors and therefore touch on the fundamental aspects – the 'spirit'– of an enterprise, the issues vary from sector to sector and thus, the application of NVG would need to be localised.

Project Activities

(i) Research on core ESG issues of the Pharma sector

The task would involve undertaking **desk research (literature review)** on various facets of the coke based foundry sector for developing the outline for business responsibility guidelines.

(ii) Meeting with Association members to finalise the key issues

Meetings would be organised with members of FMC and AZLUS for clarification and further strengthening of the understanding required for the assignment. This would also help as create a buy-in and acceptance among the stakeholders for the process as well as the

guidelines. This would include discussion on general 'material issues' of the foundries sector and an idea about AZLUS and its member's approach/perspective towards Business Responsibility (BR) issues. Further, few visits would be organised at foundries (large and small) for greater understanding of the processes involved and measures undertaken for addressing the ESG issues.

(iii) Key issues incorporated within NVG framework

The key 'material issues' finalised through expert interactions would be incorporated within the NVG framework using the CUTS Sectoral Analysis Framework (SAF). The

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exercise will help analyse and identify key areas in the coke based foundry sector that need improvements from the perspective of responsible business behaviour. This would also be enriched by the inputs received from FMC and AZLUS, and interaction with their members.

(iv) Development of Draft Guidelines

On the basis of the deliberations and finalisation of the key areas, the research team will prepare the zero draft of the guidelines focussed on critical areas in the foundry sector. The draft guidelines will also be shared with the FMC and AZLUS representatives for their comments/inputs.

(v) Consolidation and finalisation of Guidelines

Comments and feedback received from FMC and AZLUS representatives would be taken into consideration to finalise the guidelines.

Expected Outcomes

- Identification of the critical areas in the foundry sector from the perspective of responsible business practices

Expected Outputs

- Business responsibility guidelines suited to the issues of the foundry sector

Duration

June 2015 – September 2015

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