

# Corporate Social Responsibilities : Environment and Sustainable Development

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## ABSTRACT

*The discussion of corporate social responsibility and its relation with Sustainable development had been raised and many diverse terms had been used in this context. Its direct impact on environment and all over the world can be seen more clearly. The goal of this paper is to find the meaning of sustainable development at international conferences and different aspects of relation of CSR with sustainable development as well as with enrich environment. Paper also provides social responsibilities of companies, corporations and business operations. CSR policies its Agenda and CSR committee has been broadly discussed. CSR infrastructure has been grown in India with its positive results have been discussed. A framework is presented with recent developments, new methodologies and instruments can be marked. Environment being a common property provides a common responsibility to maintain it and protect it for our future generations.*

**KEYWORDS:-** Corporate social responsibility, Sustainable development, impact on environment, CSR in Indian context.

**1.1. Corporate Social Responsibilities:-** Corporations and organizations from all around the world not only striving for fulfilling the needs of present generation but also provide better benefits of rich environment to coming generation . They are also seeking to apply sustainability principles of in their conduct of business. Sustainable development was defined by THE WORLD COMMISSION ON ENVIRONMENT AND DEVELOPMENT (Brutland Commission) in its seminal report 1997 is Common Future. This commission given the global definition of sustainable development as progress that meets the needs of the present without compromising the ability of the future generations to meet their own needs. The concept came under light since 1960.when discussions were made in biosphere conference held in Paris and in 1968 where Non-governmental organizations clubbed at Rome. There are major transformations require national and international companies to approach their business in terms of sustainable development, and both individual and organizational leadership plays a major role in this change. Corporate responsibility or sustainability is therefore an important feature of the business and culture narrative, addressing topics of business conducts & ethics, communal social performance and stakeholder administration.

Corporate Social Responsibility (CSR) refers to operating a business in a manner that answerable for the social and environmental impact created by the business for instance Government and Society Conference Proceedings.

### 1.1.2. CSR Policies:-

Common CSR policies include:

- Adoption of internal controls reform ;
- Commitment to diversity in hiring employees and excluding discrimination;
- Management treats employees as assets rather than costs;
- employees participation into decision-making processes;
- Adoption of operating policies which compliances with municipal, social and environmental laws;
- Advanced resource productivity, optimum utilization of natural resources,
- Efficient and profitable fashion (such as recycled content and product recycling).

Corporate Social Responsibility (CSR) policy, based on sound ethics and centre values, offers clear business benefits. Sustainable development rests on three fundamental pillars:

### 1.2. Economic Growth, Ecological Balance, Social Progress

Corporate Social Responsibilities provisions are applicable to companies with:

- Annual turnover of 1000 crores or more or
- Net worth of 500 crores or more or
- Net profit of 5 crores or more

To spend 2% of their average profits in the previous three years on CSR activities. These activities are specified under schedule (viii) of the act e.g. Environment sustainability

**1.3. Agenda 21** describes the role of large and small enterprises in details (United Nations Sustainable Development, 1992):

- Proactive companies are increasingly taking greater responsibilities due to voluntary initiatives also promote and implement self-regulations and in ensuring their activities they have minimal impacts on human health and the environment.
- With the point of view of health, safety and environmental aspects, preventive strategies, efficient production processes, cleaner production technologies, minimizing or avoiding wastes, increasing the reuse and recycling of residues can protect the environment.
- Companies should report annually on their environmental impacts and implementation of codes of conduct promoting the best environmental practice.

#### 1.3.1 Conferences of CSR:-

Agenda 21 was reaffirmed at the conference in Barbados in 1994. Specific policies, actions and measures of the major groups were required at national, regional and international levels. A Special Session of the General Assembly to Review and Appraise the Implementation of Agenda 21 was held in New York in 1997. According to the assessment many small and large businesses have made "green business" a new operating form. One of the business related aims written in the resolution was to strengthen the interaction with major groups to support sustainable development practices and the promotion of corporate responsibility and accountability of business. the Rio Declaration on environment and development consist of 27 Principles which guides the behaviour of Nations towards more environmentally sustainable patterns of developments whereas in Johannesburg Declaration on sustainable development focus and paid attention to worldwide conditions that pose severe threats to sustainable development of our people. Among these conditions- are chronic hunger; malnutrition; foreign occupation; armed conflicts; illicit arms trafficking; endemic communicable and cronic diseases.

The process has to be encouraged by governments through several tools for example: tax relief, environmental accounting and reporting requirements as well as by local authorities through appropriate procurement policies and by conscious customers. Greater emphasis on small- and medium-sized enterprises in areas like renewable energy and water and energy systems can create jobs and decrease

poverty (United Nation, 2002). The sentence “we are not asking corporations to do something different from their normal business: we are asking them to do their normal business differently” (United Nations, 2002) clearly refers to the CSR as a new business model approach.

### 1.3.2. CASE LAW:-

In Research foundation for science (18) v. Union of India (2005)13 SCC 186

The supreme court of India had explained an approach to the protection of the environment or human health based on precaution even where there is no clear evidence of harm and risk. It is the part of the principle of sustainable development.

### 1.3.3. Corporate Social Responsibilities:-

Corporate social responsibility in business companies covers different areas. These are: market environment, public environment, the area of employment, relations with investors and environmental protection. Corporate social responsibility means here ecological management. This includes activities in accordance with the adopted law, supports environmental awareness in the given surrounding, and also creates its own solutions to minimize the harmfulness of core business. In addition to the legal framework, according to the concept of CSR, a company must trend to reduce the consumption of raw materials and energy, reduce production of hazardous waste and pollution also respect, protect and restore natural ecosystems, identify potential negative environmental effects, implement technologies to reduce harm done to the environment in production processes. CSR principles in the field of environmental protection include:

- 1) **Reduce Harmful Products:-** Activities to reduce harmful products, which is established by obtaining eco-labels and also provide awareness to general public.
- 2) **Formal Environmental System-** These systems mean such changes in management policies and procedures that their impact on the objectives of the company.
- 3) **Reduce Negative Impact:-** Programs to reduce the negative impact of the manufacturing process on the environment.
- 4) **Green Public Procurement:-** – according to the assumptions of the European Commission approximate 50% of the contracts awarded by central government relates with environmental aspect. However, on the height of local administration by 2010 it was 20% of such contracts. "Green procurement" should significantly affect business decisions relating to the application of environmental technologies and techniques, whereas the state and local authorities will be able to get better value and quality for currency, and the same time save water, energy and minimize waste production.

### 1.4. RECENT CASES RELATED TO CSR:-

Due to the great extent Corporate social responsibility (CSR) in India its visible impact and practices can be seen as follows:-

#### ➤ CUMMINS INDIA LMT

Due to rapid urbanization, Pune is among one of the polluted city in India. As per 2013-14 reports City of pune emits 46 lakh tonnes of carbon in one year. This directly affects level of oxygen in environment. Cummins decided to fight against this pollution and started spend CSR funds for “Creating Oxygen Hubs” i.e. (Converted Non Forest land to Forest).

Cummins united with various NGOs, communities, municipal authorities, elected members and the defence unit in the city to create oxygen hubs by creating forest.

### ➤ TATA SPONGE IRON-

Due to deforestation, the issue of ecological imbalance is becoming a cause for concern. However, Tata Sponge's mass Afforestation programme has by far outweighed the reduction of forest cover in the area owned by it. Initially company planted species like acacia, bakain, chakindi, etc. Later the plantation work was changed to fruit bearing plants and hard wood trees like sandalwood, rosewood, mahogany, teak & bamboo

When Tata sponge started this activity most of land was barren. Company began planting trees with help of different Volunteers like Company employees, their family members and local community

### ➤ DB CORPORATE LIMITED.

Under the theme of "Animal welfare" DB Corp Ltd launched Save Bird campaign because thousand of bird species have gone extinct in last few decades. The endeavour of Save Birds scheme was conservation of birds. Citizens were encouraged to keep Bird Baths (Sakoras) or craft at their homes and workplaces, crammed with food grains and water.

Company has also partnered with WWF India and Nature Forever Society for this campaign to improve sustainability of Save Bird.

## 1.5. CSR Committee-

Every qualifying company will be required to constitute CSR committee with at least 3 directors out of which at least 1 shall be independent director however unlisted public company and private company is not required to have an independent director therefore they shall constitute CSR committee without independent director. In case of foreign company the CSR committee shall comprise of at least 2 persons out of which at least 1 person should be resident in India authorised to accept on behalf of the company service or process and any notices and other documents served on the company and another person shall be nominated by the foreign company. The role of this committee is:

1. originate and advocate to the Board, a corporate social responsibility policy which shall be a sign of that the activities to be undertaken by the company will be specified in schedule 7
2. Recommend the amount of expenditure to be incurred on the activities referred above and
3. Monitor the implementation of the CSR projects or programmes or activities proposed to be undertaken by the company.

### 1.5.1. Working of CSR-

1) a list of CSR projects or programs which a company plans to undertake following within the purview of schedule viii of the act specifying modalities of executions of such projects or programs and implementation schedules for the same and

2) Monitoring process of such projects or programs.

Some of the activities which are not permissible under CSR are marathons, awards, charitable contribution and advertisements and sponsorships given to TV programs.

### ➤ SECTION 135 of Companies Act, 2013

CSR plays a vital role in attaining sustainable development and mainly the companies like Sony, Parasonic and orchard hotels are focusing on issue related to environment such as toxic gases, water production and water contamination etc. Section 135 of the Companies Act 2013 deals with the corporate social responsibility in an organized manner. It helps both the company and society and also encourages all the companies to participate in the benefits of corporate social responsibilities activities.

### 1.6. CSR Expenditures-

Data analysed by the ministry of corporate affairs for CSR expenditure of all Indian companies in 2014-15 showed that 14 percent (Rs 1,213 crores) of total CSR spending in India was made on activities focusing on conserving the environment. It was the third highest expenditure on a social impact issue after education (32 percent) and health (26 percent) and was greater than the amount spent on rural development (12 percent). A decade ago, the most common CSR activity with a focus on the environment was planting trees. Indian companies today are instead focusing on projects that have a sustainable long-term impact, such as installing solar powered lighting systems and water conservation projects.

By far, the most attractive environment-related CSR initiative involved the use of renewable energy, ranging from solar street lamps and lanterns to biomass cook stoves and various rooftop solar projects. The other emerging focus area tackles water-related issues with several projects on watershed development and rainwater harvesting.

One of the reasons why companies may prefer such projects to tree plantation drives is that access to clean water and energy has several cascading effects on the social and economic development – ranging from opportunities for better education, health, and income to increased safety for women and lower deaths due to reduced indoor pollution.

### 1.7. Conclusion

There is a growing awareness that business needs to manage its relationship with large society. Our society is much affected by the performance of cooperations. It is happened due to the glabalization. Organizations can re-examine their behaviours and begin their journey towards sustainable approach. Protecting to environment from the impact of operations is a core responsibility. Companies should be proactive on the environment and seek solutions that can lead to competitive advantage. Sustainable development provide backbone to CSR because as we receive the natural resources and use or destroy it. It is our responsibility to give this heritage to our next generation so that they can take advantages from natural resources. This can be happening only with the help of our corporate social responsibilities which not only works for national as well as international level. Now a days many companies helps in promoting CSR by using its processes.

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