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IMPACT ASSESSMENT OF ENVIRONMENT JURISPRUDENCE IN LIGHT OF CORPORATE SOCIAL RESPONSIBILITY

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Abstract

Corporate Social Responsibility (CSR) has gained significant prominence in India as businesses acknowledge their role in addressing societal and environmental challenges. In recent years, Indian corporations have increasingly recognized the need to align their business objectives with social and environmental responsibility. The Companies Act, 2013, mandates companies meeting specific financial thresholds to allocate a portion of their profits towards CSR activities, thereby fostering a culture of corporate philanthropy. Indian businesses are now actively engaged in various CSR endeavors, encompassing education, healthcare, poverty alleviation, and environmental sustainability. The environmental aspect of CSR holds particular significance in India, given the country's pressing ecological concerns. India faces challenges such as air and water pollution, deforestation, habitat degradation, and climate change, necessitating concerted efforts to mitigate environmental damage. Many Indian corporations have responded by adopting sustainable practices, reducing carbon emissions, conserving natural resources, and investing in renewable energy sources. Furthermore, government policies and regulations have played a pivotal role in shaping CSR and environmental initiatives in India. The introduction of the National Voluntary Guidelines on Social, Environmental, and Economic Responsibilities of Business in 2011 provided a framework for responsible business conduct. Additionally, initiatives such as "Swachh Bharat Abhiyan" (Clean India Mission) and "Make in India" have spurred CSR investments in sanitation, cleanliness, and skill development. This paper highlights the multifaceted nature of CSR activities and the growing emphasis on environmental responsibility among Indian businesses. As India continues to strive for sustainable development, CSR and environmental efforts will remain pivotal in addressing the nation's social and environmental challenges.

Keywords: Corporate Social Responsibility**,** Sustainable development, International measures, Reporting.

Introduction

Diverse factors have a role to play behind the CSR programs undertaken by a company. Neither logically nor practically is it possible for various different corporate setups to opt for similar activities or programs. Factors such as the societal environment in which the company functions, the industry and the business operations, the factors which motivate the people who govern and run a particular company, are few of them.

The kernel of theories and policies is development studies and economics which have wellbeing and sustainability as its center. Understanding such complex phenomena as Corporate Social Responsibility requires taking into account the economic dimension, the business sphere and its overall impact upon the society. The most important in the present scenario is to undertake development, sustainability and business objectives all in view while formulating theories, policies as well as understanding the impact of a business.

New measurements are now prevalent in the Public as well as the Private sector sustainability; these are based upon the most recent scientific interpretations, the theories of human, sustainable and local development along with the corporate sustainability theories. Even within the international community a consensus is being tried to be achieved between the theories and the measurements. Various theories have been discussed in relation with the measurements which can be adopted by the companies in the form of an apt Corporate Social Responsibility.

I. Evolution of Sustainable Development and Corporate Sustainability

Sustainable development is a people driven approach and it highly depends more upon the people involved apart from being tailored on environmental purposes. The quality of dealing with various fields of study is the primary characteristic of sustainable development and, more generally, it provides a holistic approach towards development.

The roots of Sustainable Development go back to the lessons of the Club of Rome and Aurelio Peccei, a forerunner of sustainable development. The report termed as Limits to Growth, commissioned by the MIT to the Club of Rome in 1972, gives a clear reflection of the prevalent environmental issue and the need for sustainability of economic systems. Various factors were included like environmental degradation, future of the resources, and climate change which led to a long-term thinking and predictive analysis. In the same year the UN Conference on Human Environment took place in Stockholm, it was the very first International Environmental Summit. In an attempt to gain consensus and popularity for Sustainable Development various international actions were taken, the last one being a part of United Nations Environment Program, even though the objective of gardening awareness was achieved it also led to a social unrest. In 1987, the United Nations Common World Environment and Development report was published titled *Our Common Future*, it laid the foundation for sustainable development at an international level in a consolidated manner. Among the most notable events which took place thereafter has been the Earth Summit, the *1992 UN Conference in Rio de Jenairo* which led to the *Rio Declaration and Agenda 21*, and the controversial *1997 Kyoto Protocol* which aimed at reducing greenhouse gas emissions by signatory countries. In 2010 the European Commission underlined to achieve ―measurable‖ objectives by 2020. The *2012 United Nations Conference on Sustainable Development, Rio +20*, delivered the document The Future we want. And finally, the intergovernmental path on sustainable development and the implementation of the post-2015 sustainable development goals (SDGs) which have been drafted as transparent intergovernmental processes open to all stakeholders.

The best examples of Real-world application of sustainable development can be found among the business and institutional domains. Among the most notable, The Latin American constitutionalism and corporate sustainability pioneering projects. Several Latin American constitutions include sustainability as a paramount concept along with various ecological principles which allow a novel interpretation for the role of nature and above all─the concept of common-pool resource governance. In terms of industrial ideas a decision can be made upon designing and fostering long-term thinking and sustainable production and consumption styles, as well as corporate and community wellbeing. In this framework, value co-creation within ethical consumption can only be achieved via awareness and engagement of authorities towards this cause.

Industry comes as no exception towards sustainability. Theoretically, various formulations and metrics are put in place in an attempt to quantify sustainability and wellbeing. The Bruntland Report and Grand Development agreements marking the milestones for a firm‘s sustainability progress and responsibility. Now, the economy oriented aggregates have been taken over by management theories that have been increasingly attentive to an approach oriented towards economic and corporate sustainability, thus yielding various concepts. The earlier theories presented the limit of being as explicitly addressed to the satisfaction of a single category of stakeholders─i.e. property (or shareholders). The issue with the sole satisfaction of this category was the need to maximize a single type of resources, which fell within the classical material resources, thus, a single imperative was elected as the guiding criteria of management and governance. Over the years, it was a gradual shift towards implementation of a multi-stakeholder approach after dissatisfaction emerged from the main business theories, which led to the rethinking of such consolidated assumptions and requirements.

Towards the early 1980s began the implementation of management studies in a manner where human being was kept at the center of the operating result. A few theories had already been tried as a directive strategy, one being during the 1940s at Toyota‘s plants. It characterized on the one hand by a production system aimed at finding quality for the entire supply chain with the ultimate goal of satisfying the customer, and on the other hand it focused upon making the processes more efficient via management innovations through lean production and involvement of employees and suppliers. The involvement of stakeholders let to the ethical footprint reflecting on the quality of work and the role of the worker in the production chain, no longer just a gear, but a trained, self-realized technician, engineer or worker. The main contribution to the stakeholder theory is the turning point of the stakeholder role according to the company objectives.

This point onwards, management priorities started being reviewed in accordance with the needs of all the stakeholders and not exclusively those within the company. The executive board now takes into account the needs of suppliers, customers and interest groups and lobbies having an active part in the decision making process together with shareholders, managers and employees. In this process, ethics became fundamental to direct decision making in business management activity, thereby, contributing towards an overall decisions of corporation and the governance approach. In this manner the intangible resources are thus contemplated with the material ones. Also, the locally produced goods within the territory play an important role in bringing together the different spheres and needs of the groups involved along with contributing to the wellbeing and sustainability of the complex organization. Even though CSR did not reach an univocal academic definition nor an unambiguous practical business interpretation, CSR is widely considered to be vital for a corporation‘s success. And such assumptions have led the main lines of managerial research turn to the interest of corporate sustainability, rooted in the territory, within networks, in consideration of the person and their interactions, and in the environmental context and the community dimension in which we live.

II. Measures towards CSR management

Over the years, an increasing amount of attention has been gained by CSR measurements. The Corporate sustainability metrics have often focused upon diverse stakeholders perspectives. The corporate Social performance and the sustainability balanced scorecard are among the best proofs which can be provided regarding this matter. The most important initiatives in this field are the vademecum advanced by the Global Reporting Initiative (GRI) which is an international independent standards organization that helps businesses, governments and other organizations understand as well as communicate their impact upon issues like climate change, human rights and corruption and the ISO 26000 as developed by the International Organization for Standardization; these have gained an international prominence.

In 2000, the GRI launched its first guidelines for the sustainability report, addressing any type of public or private organization, of any size. Even though the basic aim was to provide these organizations with a tool for reporting economic, social and environmental impact of its own management performance while enhancing managerial transparency, in 2013 GRI ended up presenting its fourth version —2013—(G4), which presented 91 indicators and standard information for measuring the impact of an organization‘s sustainability.

Another important document in this regard is The Guide to Corporate Sustainability given by the UN Global Compact. It recommends five cardinal principles for the firms to observe as a step towards sustainability:-

i. Principled Business;
ii. Strengthening Society;
iii. Leadership Commitment;
iv. Reporting Progress; and
v. Local Action

These methods have given the firms a base on which they can build their measurements for the purpose of operating responsibly by way of following the universal principles, taking actions for the local society and committing through periodic reports. Among all the standards, ISO 26000: 2010 recalls the most standards of sustainability. It is so, because it entails the guiding principles for CSR being based upon the application of ethical principles and management transparency in concrete management solutions, which aims at improving the health and well-being of the community along with promoting good practices.

Both ISO and GRI take into account the stakeholder analysis as carried out by the stakeholder theory which has been discussed earlier in the chapter. They both together propose solutions which contribute to sustainability of long-term development.

Another notable report is ―Beyond the financial data: businesses and collective wellbeing‖ by ISTAT together with the CSR Manager Network Italy in March 2013, it proposed 10 indicators. The major aim was reorganizing and unifying the methods available for calculation used by the companies for evaluating their performance. This tool integrated sustainability reports along with national macroeconomic records which was immediately-usable. It provided a bridge between the managerial and economic sustainability along with being able to sketch the private sector contribution towards national wellbeing.

Another relevant instrument is the SDG Compass, it is created by the GRI84 The document, as presented in parallel to the agreements for the approval of the Agenda 2030, provides for a vademecum to facilitate the Sustainable Development Goals (SDGs) in a company. The SDG Compass needs a company to follow the essential steps of implementation of a strategic framework of sustainability within a company and of company activities, further followed by communication and reporting of the real and impact possible futures concerning operations and objectives achieved, in social, economic and environmental terms.

III. Corporate Sustainability Reporting

The evolution of the concept of Sustainability has influenced the Corporate Sustainability Reporting. Infact, their evolution seems being of a parallel nature. CSR can be viewed as a social contract which the firms sign along with the members of the society. The multi-dimentional orientation of corporate reports for sustainability issues might lead to a further improvement in dialogue between the stakeholders and firms.

After the Brundtland report, the content of corporate reporting shifted more towards environmental issues along with the social issues. In the 80s various scholars put an emphasis upon environmental disclosures of corporate reporting, which were mainly examined via content analysis and scoring techniques. The environmental reports of firms were analyzed and environmental issues like air pollution and water management were emphasized upon along with analyzing the amount of information for each category and the financial and non-financial character of information.

Towards the 90s, many scholars put an emphasis upon the triple-bottom-line orientation of corporate reporting, this approach led towards identifying the quality of disclosures in corporate sustainability reports for issues regarding economic, environmental and social sustainability, using either the content analysis or scoring systems. The United Nations Conference on ―Environment and Development in 1992 revealed the considerable role of social actors in meeting the basic goals of Sustainable Development. The world of firms and businesses introduced these changes in the form of ―eco-efficiency and ―clean-production‖ approaches. The aim is basically to contribute towards environmental protection with reduced costs and make products using fewer natural resources. In 2002, the United Nations World Summit on Sustainable Development was held in Johannesburg, it gave a major milestone to the concept of sustainability, emphasizing upon the three dimensions, i.e. economy, environment and society. This is known as the triple bottom line concept which implies that businesses simultaneously work upon a better financial performance, environmental protection goals and equity for societies.

IV. Financial Impact of Climate Change Mitigation Policies

The implementations of environmental practices have a significant effect on a company‘s financial performance, based upon the production costs related with environmental innovations the profitability is determined−Lower production costs and increased profitability or vice-versa. Various studies demonstrate that environmental disclosure has a visible effect upon the financial performance of the firm. Accounting and Climate Change have a proactive role and not a passive role to play, thereby, reveals the cognitive effects in the methodological constructs.

According to the evaluations of the sustainability reports, disclosures of environmental impact affect financial performance of large firms and companies, considering the natural-resource based view and the stakeholder theory it can be very well concluded that adoption of environmental practices for core operations allows a firm to reduce environmental risks which further leads to reduction of production costs. This further enhances the relationship between the business and its stakeholders, thereby, contributing towards strengthening the competitive advantage of firms and improving its overall corporate financial performance in the long-run.

V. Oil and Gas Sector and Corporate Social Responsibility

The companies which have a direct impact upon the environment should work towards establishing long-term measures like adopting efficient green technologies and acquiring environmentally compatible systems for mitigating the impacts of climate change on their financial performance. The companies must be resilient in identifying strategic risks and opportunities which arise from climate change. A carbon tracker report notes that major publicly listed oil and gas companies must slash their combined production by over a third in next two decades to meet the world climate commitments.

The currently achieved targets of fossil fuel firms do not align with the 2015 Paris Agreement; this clearly shows that the companies require adjusting their accounts for mitigating their climate change impact. Every company‘s carbon budget relies upon its low-cost and low-carbon projects in its portfolio. Analyzing the budget portfolios of major oil companies in Europe for determining which projects shall be economically viable if the global temperature rises by 2°C brought forward the view that the companies are required to achieve a balance between their financial portfolios and carbon budgets.

The most aligned with the Paris Agreement is The Royal Dutch Shell Company in Europe, it only requires to cut 10% of its output since it has the most low-cost and low-carbon projects that would still remain economically viable in a scenario where there is a global temperature rise of 2°C. Glencore Xstrata, in its accounting, seeks to sustainably grow its total shareholder‘returns by meeting the changing needs of crucial maturing economies, the need is to align with climate change goals. In its financial statements from 2013 to 2017, Glencore Xstrata maintained a robust and flexible balance sheet that focused on operational efficiencies, cost controls, and full integration of sustainability throughout its business.

Forty-Seven percent of publicly listed companies in Europe follow the procedure of reward as an incentive to its senior management for meeting the climate change targets. Besides, 80% of the companies perceive that certain business risks exist when adapting to climate change policies. French companies have the best sustainability trend in Europe since seven out of every ten companies appear in carbon disclosure project (CDP) A list. Overall by 2020, 72% of total European companies use different climate scenarios as a basis to inform their business strategies. The correlation between climate change and financial performance comes from legislation as well as investors. In Europe, most companies which conform to scientifically tested targets to lower Green House Gas Emission, in line with the Paris Agreement, have grown by 65% in one year time period, reflecting the correlation between climate change and firm performance. In conclusion, what is need of the hour is a low-carbon economy and all measures to be taken at the governmental level as well as at a corporate level to keep the emissions from increasing the temperature above 2°C should be implemented and executed to the best of practices.

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