INTERNATIONAL JOURNAL OF LAW

MANAGEMENT & HUMANITIES

[ISSN 2581-5369]

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International Policies and their Role in Shaping Corporate Environmental Responsibility: An Overview

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ABSTRACT

Corporate Environmental Responsibility (CER) is an evolution of the broader concept of Corporate Social Responsibility (CSR), reflecting a growing recognition of the need for businesses to address environmental issues specifically. CSR, at its core, involves companies taking responsibility for their impact on society and the environment, going beyond mere compliance with legal requirements to engage in ethical practices that benefit both stakeholders and the community. CSR encompasses a wide range of activities, from supporting charitable causes to ensuring fair labour practices and promoting ethical business operations. As global environmental challenges have intensified, CER has emerged as a distinct focus within CSR, emphasizing the necessity for companies to address environmental concerns more rigorously. International policies play a significant role in shaping CER by setting standards and frameworks that guide corporate behaviour in relation to environmental sustainability. These policies, such as the Paris Agreement and the United Nations Sustainable Development Goals (SDGs), establish global benchmarks for reducing greenhouse gas emissions, managing resources efficiently, and mitigating pollution.

For instance, the Paris Agreement mandates emission reduction targets that influence corporate strategies, prompting companies to adopt cleaner technologies and sustainable practices. The SDGs encourage integration of sustainability into business operations, addressing critical issues like responsible consumption and resource management. By aligning with these international frameworks, businesses not only comply with global standards but also contribute to broader sustainability goals.

This article examines CER which was a specialized extension of CSR, focusing on environmental stewardship guided by international policies and how these policies have influenced corporate behaviour, leading businesses to balance their economic activities with environmental protection.

Keywords: *Corporate Environmental Responsibility, Corporate Social Responsibility, International Policies.*

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I. INTRODUCTION

In today's interconnected world, the role of corporations extends beyond mere economic performance to include a growing responsibility for environmental stewardship. International policies have become crucial in shaping how businesses approach Corporate Environmental Responsibility (CER). These policies, which encompass a wide range of agreements, treaties, and regulations, set standards and frameworks that guide companies in minimizing their environmental impact.

The evolution of CER is closely linked to the development of these global policies, which have progressively addressed more comprehensive and complex environmental issues. From early efforts to control pollution to modern initiatives tackling climate change and promoting sustainable resource use, international policies have driven corporations to adopt more responsible and sustainable practices.

II. CORPORATE ENVIRONMENTAL RESPONSIBILITY

Corporate Environmental Responsibility (CER) is all about businesses doing their part to take care of the environment while running their operations. As articulated by Paul Hawken, an American environmentalist and author, if you're using something, make sure you're not hurting anyone or anything with it.[2] "This idea is important because it's not just about making money; it's about making sure we're not harming the planet we all live on. Nowadays, more and more people are talking about CER because we're starting to see how important it is to protect the environment from things like pollution and climate change.

Corporate Environmental Responsibility (CER) is a recent concept containing ideas, actions, and principles. It highlights the significant role corporations play in addressing today's environmental challenges. CER focuses on corporations involved in environmentally beneficial actions to decrease society's influence on our ecosystem and foster environmental sustainability.

III. CORPORATE SOCIAL RESPONSIBILITY

Corporate Environmental Responsibility is the integral part of Corporate Social Responsibility (CSR). CSR emerged in the 1950s but grew the year in the beginning of the seventies. In 1962 Milton Friedman argued forcefully that the doctrine of social responsibility is "fundamentally subversive". He asserted:

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[2] Paul Hawken, "*Growing a business*, HarperCollins Publisher, 1987, ISBN-13978-0002179034, coated in his book "Being in business is not about making money. It is a way to become who you are."

"Few trends could so thoroughly undermine the very foundations of our free society as the acceptance by corporate officials of a social responsibility other than to make as much money for their stockholders as possible".[3]

Choi (2008) [5] defines social responsibility includes a company's accountability for its impact on the welfare of employees, the community at large, and the environment. ISO 26000 was released as the first-ever international standard for corporate social responsibility (CSR) by ISO in November 2010. Carroll (1991) contends that social responsibility of business encompasses the economic, legal, ethical and discretionary expectations that society has of organizations at given point in time.[4]

The World Business Council for Sustainable Development Defines that,

"Corporate Social responsibility is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large"

Corporate Environmental responsibility means being truthful and open about how an organization's actions affect the environment, including pollution of the air, water, land, and noise. During the last two decades, there has been an international worry about the overtime harmful effects of industrial operations on the environment, which has a knock-on effect on the performance of enterprises and the nation's economy as a whole. Greenhouse gas emissions, hazardous and ozone-depleting compounds, common pollutants, and solid waste creation are

all examples of environmental consequences. The public release of this data demonstrates the business's dedication to environmental sustainability.[5]

IV. INTERNATIONAL POLICIES ON CER

(A) United Nations Conference on Human and Environment (Stockholm Declaration 1972):

Environmental responsibility rose to prominence in 1968 when the United Nations played an important role in pollution management with the inaugural United Nations Conference on the Human Environment. This meeting issued a declaration containing 26 principles aimed at

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[3] Friedman .M, "Capitalism and freedom" Chicago, University of Chicago Press 1963, Edition 2, ISBN-13978-0226264011.

[4] Archie B. Carroll, The pyramid of corporate social responsibility: Toward the moral management of organizational stakeholders, Business Horizons, Volume 34, Issue 4,1991, Pages 39-48, ISSN 0007-6813, https://doi.org/10.1016/0007-6813(91)90005-G.

[5] Aggarwal, Priyanka. "Relationship between environmental responsibility and financial performance of firm: A literature review." *IOSR Journal of Business and Management, e-ISSN: 2278-487X, p-ISSN: 2319-7668. Volume 13, Issue 1 (Sep. - Oct. 2013), PP 13-22, www.iosrjournals.org.*

tackling environmental challenges while also promoting national growth. A significant conclusion was the Action Plan for the Human Environment, which offered 109 measures divided into three categories: supportive actions, environmental management initiatives, and evaluation programs such as Earth Watch. The Stockholm Conference, which drew participants from 113 countries, focused on global environmental responsibility and balancing environmental protection with development demands. The Stockholm Declaration stressed themes such as states' sovereignty over natural resources and their responsibility to prevent environmental damage. The summit resulted in the creation of the United Nations Environment Programme (UNEP) and environmental ministries around the world, as well as the promotion of key international environmental agreements.[6]

(B) Brundtland Report 1987:

The World Commission on Environment and Development (WCED) released the Brundtland Report in 1987, which is also referred to as Our Common Future, and was accepted during the 1992 United Nations Conference on Environment and Development with the support of the General Assembly. It introduced the idea of sustainable development to improve both the quality of human life and environmental preservation, highlighting the fundamental connection between environment and development. After the report's publication, the world community realized how environment and development are intertwined.[7]

(C) Rio Summit 1992:-

The United Nations Conference on Environment and Development, known as the Earth Summit, was held in Rio de Janeiro from June 3 to 14, 1992, following the Stockholm Conference of 1972. The Rio Conference attracted 10,000 participants, including representatives from 172 countries, 1,400 NGOs, and 9,000 journalists. It produced two legally binding agreements: the United Nations Framework Convention on Climate Change (UNFCCC) and the Convention on Biological Diversity (CBD). Additionally, it resulted in the non-legally binding authoritative statement of principles for a global consensus on forest management. The Rio Declaration, a soft law instrument, reaffirms the Stockholm Declaration and outlines 27 principles on sustainable development and environmental protection, addressing issues such as intergenerational equity, environmental impact assessment, and the rights of indigenous peoples. Agenda 21, another soft law document and action plan, was designed to

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[6] 1972: Report of the Conference A/CONF.48/14/Rev.1 https://www.un.org/en/conferences/environment/ stockholm1972. (Accessed on 31.07.2024)
[7] 1987: Report of the World Commission on Environment and Development: Our Common Future https://sustainabledevelopment.un.org/content/documents/5987our-common-future.pdf (Accessed on 31.07.2024)

implement the summit's treaties and sustainable development principles. It established the United Nations Commission on Sustainable Development (CSD) and the Global Environment Facility (GEF). Comprising 40 chapters, Agenda 21 is organized into four sections: social and economic dimensions, conservation and management of resources, strengthening the role of NGOs and social groups, and measures for execution.[8]

(D) **The World Summit Sustainable Development 2002[9]:-**

The World Summit on Sustainable Development, held in Johannesburg from August 26 to September 4, 2002, built on the achievements of the 1992 Rio Conference and revitalized global efforts to combat poverty and protect the environment. The summit produced a 71-page action plan aimed at shaping the global environmental agenda for the next decade and guiding future international agreements. It sought to enhance the commitments of the Rio Conference and implement Agenda 21's principles. In India, environmental policy evolved significantly following independence, with a turning point in 1970 when the government began to address environmental issues more seriously. Previously, environmental concerns were managed separately by various federal ministries. The 1972 UN General Assembly resolution to address human environment issues spurred India to establish the National Committee on Environmental Planning and Coordination (NCEPC) under the Department of Science and Technology. The NCEPC, composed of experts from various disciplines, was tasked with advising on environmental enhancement and coordination, marking a significant step in integrating environmental concerns into national planning and fostering cross-sectoral collaboration. [10]

(E) ISO 14001

ISO 14001 is a key concept in corporate environmental responsibility, offering a structured framework for organizations to manage their environmental impacts effectively. Adopted internationally, this standard helps companies establish comprehensive environmental management systems, ensuring compliance with regulations and promoting continuous improvement. By implementing ISO 14001, businesses demonstrate their commitment to reducing their environmental footprint and align with global sustainability goals. While the standard itself provides a proactive approach to managing environmental issues, its certification process, conducted by accredited third-party organizations, adds credibility to corporate

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[8] 1992: Report of the United Nations Conference on Environment and Development A/CONF.151/26/Rev.1(vol.I) https://www.un.org/en/conferences/environment/rio1992. (Accessed on 01.08.2024)
[9] 2002: Report of the World Summit on Sustainable Development A/CONF.199/20 https://www.un.org/en/conferences/environment/johannesburg2002 (Accessed on 01.08.2024)
[10] Jyoti D. Patel, "Environmental Protection in Ancient India", International Journal of Research in all Subjects in Multi Languages, 2017, Vol.5, Sp. Issue.11, ISSN:2321-2853.

environmental claims. Thus, ISO 14001 is integral to international policies aimed at enhancing corporate environmental responsibility and supporting global environmental objectives.

(F) Organisation For Economic Co-operation and Development (OECD) 1968:[11]

The OECD Guidelines for Multinational Enterprises advocate that corporate managers prioritize environmental considerations in their business strategies and daily operations. They are divided into 10 chapters that cover a range of business operations, many of which are related to environmental responsibility. In particular, the Environment chapter calls on multinational corporations to improve their environmental practices by improving internal management techniques and aiming for ongoing environmental advancement. All entities within multinational corporations are subject to the Guidelines, including parent firms and local subsidiaries. Governments that adopt the Guidelines urge small and medium-sized businesses to implement the advice as far as is practical while acknowledging that their capabilities may differ from those of bigger firms. Specifically, businesses should always aim to enhance their corporate environmental initiatives, such as:

- Implementation of technologies and operational procedures across all sectors of the enterprise that align with environmental standards observed in the most efficient part of the organization.

- Development and provision of products or services that minimize environmental impacts, ensuring they are safe, energy-efficient, and can be reused, recycled, or safely disposed of.

- Increasing awareness among customers about the environmental impacts of using the enterprise's products and services.

- Conducting research to enhance the enterprise's long-term environmental performance.

The Guidelines suggested that companies conduct research on ways of improving the enterprise's environmental performance over the longer term.

(G) United Nations Global Compact 1999:[12]

The Global Compact was established at the United Nations' World Economic Forum in Davos in 1999. The Global Compact urged global corporate leaders to take responsibility for labour standards, environmental policies, and human rights. The Compact empowers business to

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[11] Environment and the OECD Guidelines for Multinational Enterprises: Corporate Tools and Approaches. United Kingdom, OECD Publishing, 2005.
[12] Gonzalez-Perez, M. A., & Leonard, L. (Eds.), *The UN Global Compact*. Emerald Group Publishing, 2015.

address globalization challenges constructively by leveraging collective action and promoting ethical corporate behaviour. It relies on principles of public accountability, transparency, and the self-interest of business, labour and civil society to initiate and monitor essential performance in line with its score principles.

The Global Compact includes ten principles covering corruption, labor standards, environmental policies, and human rights. Principles 7 to 9 focus specifically on environmental responsibility, drawing from the declaration of principles and Agenda 21 from the 1992 Earth Summit in Rio de Janeiro. Agneda 21's chapter 30 emphasizes that businesses should reduce their environmental impact through sustainable practices and ethical entrepreneurship. Companies should address environmental challenges by following these principles and implementing relevant initiatives to mitigate environmental damage and the effects of their activities on the planet's natural systems. The three environmental principles are:

- Principle 7: Business should adopt a precautionary approach to environmental challenges.[13]

- Principle 8: Business should promote greater environmental responsibility through their initiatives.[14]

- Principle 9: Business should support the development and spread environmentally friendly technologies.[15]

(H) Sustainable Development Goals 2015:-[16]

The Millennium Development Goals (MDGs) are a set of objectives set by world leaders in 2000 with the aim of addressing issues facing the planet and bringing about improvements by 2015. To build on this effort, the United Nations introduced the Sustainable Development Goals (SDGs) in 2015. The SDGs consist of 17 goals adopted by 193 member states during its 70th session at the New York summit, aiming to tackle a broader range of issues, including climate change, economic inequality, and sustainable consumption. The primary objective of the SDGs is to create a more inclusive and sustainable world by 2030, addressing both the unfinished agenda of the MDGs and emerging global challenges. The SDGs also provide a framework for businesses to enhance their environmental responsibility. They urged the businesses to use

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[13] Principle 7 of the United Nations Global Compact, https://unglobalcompact.org/what-is-gc/mission/principles/principle-7 (Accessed on 02.08.2024)
[14] Principle 8 of the United Nations Global Compact, https://unglobalcompact.org/what-is-gc/mission/principles/principle-8 (Accessed on 02.08.2024)
[15] Principle 9 of the United Nations Global Compact, https://unglobalcompact.org/wht-is-gc/mission/principles/principle-9 (Accessed on 02.08.2024)
[16] 2015: Sustainable Development Goals (SDGs) A/RES/70/1, https://sdgs.un.org/goals (Accessed on 04.08.2024)

sustainable strategies, like waste reduction, carbon emission reduction, and resource efficiency, to match their operations with these objectives. By integrating these goals into their operations, businesses can help address environmental challenges and contribute to a more sustainable future while meeting global standards for corporate responsibility.

The SDGs that focus specifically on environmental sustainability include:

- **Goal 6: Clean Water and Sanitation** - Aims to ensure access to safe and affordable drinking water, sanitation, and hygiene for all.

- **Goal 7: Affordable and Clean Energy** - Seeks to provide access to sustainable and modern energy sources.

- **Goal 12: Responsible Consumption and Production** - Targets the sustainable management and efficient use of natural resources while reducing waste generation.

- **Goal 13: Climate Action** - Stresses the importance of taking urgent action to combat climate change and its effects.

- **Goal 14: Life Below Water** - Focuses on conserving and sustainably using oceans, seas, and marine resources.

- **Goal 15: Life on Land** - Aims to manage forests sustainably, combat desertification, halt land degradation, and protect biodiversity.

   (I) The Paris Agreement 2015:[17]

The Paris agreement, adopted on December 12, 2015, at the 21st Conference of the Parties (COP21) in Paris, represents landmark international treaty aimed at addressing climate change. As of now, it has near-universal participation with 197 countries. The Agreement's primary objective is to limit the rise in global average temperatures this century to well below 2°C above pre-industrial levels and to pursue efforts to restrict the temperature increase to 1.5°C. To achieve these goals, it emphasizes the reduction of greenhouse gas emissions and require all signatories, including corporate entities, to make substantial efforts to mitigate their environmental impact. The Agreement also underscores the importance of both public and private sector involvement in transitioning towards a sustainable, low-carbon economy.

V. CONCLUSION

The role of businesses in environmental stewardship is increasingly recognized as vital to

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[17] *Paris Agreement*, Decision 1/CP.21, adopted at the 21st Conference of the Parties (COP21), Paris, December 12, 2015, https://unfccc.int/process-and-meetings/the-paris-agreement accessed on 05.08.2024.

achieving a sustainable future. International policies play a key role in guiding and shaping Corporate Environmental Responsibility (CER), setting standards that encourage businesses to minimize their environmental impact. By adhering to these global regulations, companies are not only complying with necessary guidelines but also contributing to the broader goal of protecting our planet. As awareness of environmental issues continues to grow, it becomes essential for businesses to embrace sustainable practices and proactive measures. Ultimately, aligning corporate actions with international policies helps ensure a balance between economic progress and environmental preservation, leading to a healthier and more sustainable world for future generations.

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