

CLIMATE CHANGE VIS-À-VIS CORPORATE SOCIAL RESPONSIBILITY: AN ACCORD BASED EQUATION OR A MATTER OF LACUNA IN EFFICACY?

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Preface

The topic “Climate change vis-à-vis Corporate Social Responsibility” attempts to include within itself, reasons for depletion in world resources, lacuna in the establishment of a strong system to battle the same and need for global unity. The essay aims to elucidate the various climate change loopholes existent in the global world and analyse whether they can be overcome by paying due adherence to its link with Corporate Social Responsibility.

Corporate Social Responsibility is a concept that is not alien to any public citizen, company, firm or organisation both nationally and globally. It is a way of paying back the damage made to society by contributing to its better development.

General annotation and culmination of climate change aim to bring out the basic understanding of Climate change and its co-operative co-ordination with Corporate Social Responsibility. International amplification includes those conventions that are striving for a balance between the two terms.

General Annotation

Today climate change and depleting ozone layer is said to be Earth’s own way of punishing humans for their deeds against the world. But, can this statement be considered a reality. Is it a disgrace or a revolt by nature against humans?

Climate change, as a static concept refers to the fluctuations caused in the temperature of the planet, attributed to many human induced factors. Climate change is said to have been impacted by many inducers, namely carbon emissions (CO₂), greenhouse gases caused by man-made disasters like deforestation, pollution, population etc.

Climate change, though initially may be seamless, will lead to many far fetching consequences like water null and shortages, heatwaves and ability to sustain human life¹.

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Thus, conducting frequent checks and maintaining the existent climate change levels is essential to make sure the planet has continued survival ability and is able to withstand the population, pollution boom. Elevated climate change does not just impact land, but also affects water bodies as more emission of greenhouse gases may result in more intake of gas which in turn increases the acidity of these water bodies.

United Nations Framework Convention on Climate Change is a forefront organisation in the battle against prevention of human life eradication as it keeps tabs on the policies, measures and protocols enacted for climate change, submits timely reports on the greenhouse emission and reports contingent action plans in case of onset disasters².

Corporate Social Responsibility is a concept that is applicable to a wider management perspective and is an integration of a company's activities with a blend of social, economical and environmental concerned factors. It adopts itself into a TBL Approach, whereby the mandate of fulfilling objectives in an eco-friendly manner is addressed and fulfilled³.

The mere convenient approach to achieve Corporate Social Responsibility is to be sustainable and precautionary, not only in saving resources for the future generation, but also eliminating environmental hazards. The main ambit of Corporate Social Responsibility may be analysed through the fulfillment of social conformity like member management, human right and balance, eco-system infusion with eco-friendliness and other responsible methods.

Culmination of Climate Change and its fit into Corporate Social Responsibility

As per Indian Law Codification⁴, the concept of Corporate Social Responsibility has been made a mandate and this has been formulated through rigorous legislations and amendments. Every company incorporated has to fulfill Corporate Social Responsibility Provisions in order to conduct its operations in India and this can prove to be a catalyst in due adherence to climate change.

¹ Intergovernmental Panel on Climate Change Report Framing and Context Executive Summary (Nov 19 2020, 5:33 PM) <https://www.ipcc.ch/sr15/chapter/chapter-1/>.

² UNFCCC Steps to a safer future: Convention Summary (Nov 19 2020, 5:41 PM) <https://unfccc.int/process-and-meetings/the-convention/what-is-the-united-nations-framework-convention-on-climate-change>.

³ United Nations Industrial Development Organization Advancing economic Competitiveness- What is CSR (Nov 19 2020, 5:18 PM), <https://www.unido.org/our-focus/advancing-economic-competitiveness/competitive-trade-capacities-and-corporate-responsibility/corporate-social-responsibility-market-integration/what-csr>.

⁴ Corporate Social Responsibility S. 135 of the Companies Act, 2013, Companies (Corporate Social Responsibility) Rules, 2014.

Indian Companies Act, 2013 provides for various provisions showcasing the applicability of Corporate Social Responsibility

- Corporate Social Responsibility Adherence is crucial for every company having profit of Rs. 5 crore onwards, Assets over Liabilities (Net Worth) of Rs. 500 crore onwards and turnover of Rs. 1000 crore onwards in the preceding financial year to be made eligible for contribution to the economy.
- A CSR Committee must be set up to make opinioned recommendations to the Board of Directors regarding activities, policies and regulations to be followed by the company to be able to fulfill mandate.
- CSR Activities permitted are those which are taken by the company exempting those activities which are in point of the normal course of business.

In order to draw a balance between aspects of climate change and Corporate Social Responsibility, Schedule 7⁵ in consensus with S. 135 of the Companies Act, 2013 must be scrutinised. Schedule VII lays down those permissible CSR Activities that constitute CSR Mandate.

Relevant clause in the schedule may be pointed out to be clause (iv) where sustainability assurance to the planet, balance of the ecosystem, flora and fauna preservation and natural resource management, conservation are deemed to be acceptable CSR Activities and Policies.

Comment- After conferring due credit on the analysis of relevant provision and clause, it may be inferred that the concept of climate change has been identified as a major factor by the Indian legislature thus, benefitting the society with a forecast based thought process. The fact that Indian Government has included this concept as a mandatory provision, and not a mere provision is noteworthy.

Climate change, is an age old problem and though, it is caused by predominant natural causing factors like volcano eruptions, earth's natural tilt, many manmade factors have caused a speed in the process by way of emission of harmful gases, pollution release in air, water and soil by way of factory discharge, pesticide overuse, vehicle fuel emission etc.

⁵ Schedule 7 Companies Act, 2013 (Nov 20 2020, 10:10 PM)
<http://ebook.mca.gov.in/Actpagedisplay.aspx?PAGENAME=17923>.

The concept of Corporate Social Responsibility is a step taken by companies and the Government alike by providing a duty of care towards an eco-friendly world. The companies now move towards a sustainable environment by way of initiatives taken by the investors, consumers and the general public. Ethically practiced business practices are on the high wave today and this can be enhanced through fulfillment of the pillars of CSR namely- Economic growth, socially placed equity and just environment⁶.

Though there have been arguments placed all over the world as to the impact of emission policies of developed countries, the concept of *clean and green* is on the rise today. Companies are now adopting low carbon emission techniques and this prioritizes sustainability over gains.

International Amplifications

Guidelines on Climate Change and Social Responsibility⁷ have been drafted to supplement the aspects of what is the impact on the current era and measures to influence the need to have adequate responsibility.

Under these measures, the United Nations Global Compact, a corporate policy for businesses has been earmarked to state that voluntary involvement by companies to take over a collective action and come up with an indigenous solution is very important and material to the society today.

Focus on the environmental aspects of adoption and promotion of CSR has been publicly reported and the issues relate to labour initiatives, creating awareness and forming alliances for socio-economic development and protection globally. Kyoto Protocol⁸ has been elucidated for its key mandates on the issues of emission trading, clean development and growth mechanism.

Deduction

⁶ Himanshu Sekhar Panigrahi India CSR Network Need of CSR Intervention to combat climate change (Nov 20 2020, 10:29 PM) <https://indiacsr.in/need-of-csr-intervention-to-combat-climate-change/>.

⁷ United Nations Industrial Development Organization Together for a Sustainable future 50th Anniversary Report 2011 pp 4,6,10.

⁸ Kyoto Protocol International Endorsement- 1997, with effect from February 2005.

Though the significance of the matter of climate change may be small and less significant as compared to impending evils like poverty, war and decrease in water resources, climate change is still a case of priority as the world we know might not survive post its depletion.

An open letter by CEO's of World Economic Forum⁹ may be necessitated here, as there was primary focus on the issue of urgent need to combat climate change and necessity for realization of efficient strategies to pull through the same. This has been signified here owing to an already existing forecast of the problem of climate change and highlights made therein.

CSR Today in Indian law is a mandate. The concept of CSR and its coupling with climate change through the lens of Schedule 7 is very pertinent as the issue of climate change has been addressed to explicitly. But, it can be understood through Indian statistical analysis, that mere mention of a provision in an act is not enough and awareness of the same is required in a higher quantity.

In today's competitive world, there is a lot of business pressure and thus, there is an implicit and explicit increase in dubious activities. Companies are taking the easy way out and contributing to those CSR Activities that are inherently useful to the company itself, and not on social activities, as originally intended to by the legislation makers. There has been inception of many activities like (Project Boond- rainwater harvesters in villages, Act for Mahseer conservation, Green Cover Policy in Araku Valley), but do these activities see light at the end of the day is the actual question and this is clearly negated.

On the brighter side, it can be forecasted that, in the future there is a possibility that all countries come together after realizing the actual problem of climatic change and move past the underlying situations of war and hatred. But, is this in actual a reality, is to be perceived.

To emphasise, the concept of linking Corporate Social Responsibility with climate change conditions, though good in the books, is a very difficult reality to perceive and achieve.

⁹ Myria Allen and Christopher A Craig Rethinking Corporate Social Responsibility in the age of climate change: a communication perspective International Journal of Corporate Social Responsibility pp 1.