

Climate Change Vis-À-Vis Corporate Social Responsibility: An Accord-Based Equation Or A Matter Of Lacuna In Efficacy?

Harikumar Pallathadka

*Manipur International University, Imphal, Manipur, India
harikumar@miu.edu.in*

PREFACE

The topic “Climate change vis-à-vis Corporate Social Responsibility” attempts to include within itself reasons for depletion in world resources, a lacuna in the establishment of a strong system to battle the same and the need for global unity. The essay aims to elucidate the various climate change loopholes existent in the global world and analyze whether they can be overcome by paying due adherence to its link with Corporate Social Responsibility (CSR). Corporate Social Responsibility is a concept that is not alien to any public citizen, company, firm, or organization 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 cooperative coordination 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 the depleting ozone layer are said to be earth's 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?

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

Though initially may be seamless, climate change will lead to many far-fetching consequences like water null and shortages, heat waves, and the ability to sustain human life¹.

Thus, conducting frequent checks and maintaining the existent climate change levels is essential to ensure the planet has continued survival ability. It can withstand the population, pollution boom. Elevated climate change does not just impact land but also affects water bodies as more greenhouse gas emissions 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 organization in the battle against prevention of human life eradication. It keeps tabs on the policies, measures and protocols enacted for climate change, submits timely reports on greenhouse emission and reports contingent action plans in case of onset disasters².

Corporate Social Responsibility is a concept that applies to a wider management perspective and integrates a company's activities with a blend of social, economic 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 in eliminating environmental hazards. The main ambit of Corporate Social Responsibility may be analyzed through the fulfillment of social conformity like member management, human right and balance, eco-system infusion with eco-friendliness and other responsible methods.

The 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, which has been formulated through rigorous legislation and amendments. Every company incorporated has to fulfill Corporate Social Responsibility Provisions to conduct its operations in India, which 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 to profit from Rs. 5 crores 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 opinionated recommendations to the Board of Directors regarding activities, policies and regulations to be followed by the company to fulfill the mandate.

- CSR Activities permitted are taken by the company exempting those activities that 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 scrutinized. Schedule VII lays down those permissible CSR Activities that constitute CSR Mandate.

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

Comment- After conferring due credit on the analysis of relevant provisions and clauses, it maybe 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 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 man-made 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 through initiatives taken by the investors, consumers and the general public. Ethically practiced business practices are on the high wave today, which can be enhanced by fulfilling the pillars of CSR,, namely- Economic growth, socially placed equity, and just environment⁶.

Though there have been arguments placed worldwide 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 prioritizessustainability over gains.

INTERNATIONAL AMPLIFICATIONS

Guidelines on Climate Change and Social Responsibility⁷ have been drafted to supplement the aspects of 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 collective action and come up with an indigenous solution is very important and material to society today.

Focus on the environmental aspects of adoption and promotion of CSR has been publicly reported, and the issues relating to labor initiatives, creating awareness and forming alliances for socio-economic development and protection globally. Kyoto Protocol⁸ has been elucidated for its key mandates on 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 climate change may be small and less significant 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 the CEOs of World Economic Forum⁹ may be necessitated here, as there was the primary focus on the urgent need to combat climate change and the necessity for the realization of efficient strategies to pull through the same. This has been signified here due to an already existing forecast 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 explicitly. But, it can be understood through Indian statistical analysis that mere mention of a provision in an act is not enough and aware of the same is required in a higher quantity.

There is a lot of business pressure in today's competitive world, 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, not on social activities, as originally intended by the legislation makers. There has been the 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 the light at the end of the day? It is the actual question, and this is 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 reality, is to be perceived.

To emphasize, 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.