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CORPORATE GOVERNANCE REFORMS: CONTEMPORARY ISSUES OF ENVIRONMENTAL ACCOUNTABILITY

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ABSTRACT

India has had a succession of business scandals and environmental difficulties throughout the years, leading to a reassessment of corporate governance standards. In light of this, many regulatory agencies and committees have been formed to augment corporate governance practices within the nation. The Naresh Chandra Committee, Kumar Mangalam Birla Committee, Narayana Murthy Committee, and Uday Kotak Committee are prominent instances that underscore the significance of openness, independent monitoring, and ethical behaviour inside corporate entities.
This paper aims to provide an overview of the topic, discussing its various aspects and the significance of corporate governance reform in India, which has become increasingly prominent due to its crucial role in promoting environmental accountability within the economic sector. It will cover a comprehensive summary of the convergence between corporate governance reform and environmental accountability within the specific context of India.
Moreover, the issue of environmental accountability has become a significant matter of concern in India, owing to the escalating environmental problems it faces, such as pollution, depletion of resources, and climate change. In response to these concerns, there has been an increasing recognition of the significance of sustainability governance, which establishes a connection between corporate governance and the responsible management of the environment.
This paper emphasises the necessity for Indian corporations to incorporate environmental factors into their corporate governance systems. It will examine the dynamic regulatory environment incentivising companies to disclose ecological risks, ESG Reports, implement sustainable strategies, climate change litigation, and participate in corporate social responsibility (CSR). Furthermore, it highlights the significance of stakeholders, such as investors and consumers, in influencing firms to enhance their environmental responsibility.
India's corporate governance reform process is developing to incorporate environmental accountability as a fundamental element. Integrating governance frameworks and ecological responsibility is vital for enterprises to address the complexities of the current era effectively and actively contribute towards India's sustainable development objectives.

Keywords: Corporate governance reform; Environmental accountability; Corporate governance committees; Independent monitoring; ESG reports; Corporate social responsibility (CSR); Sustainable development goals (SDGs); Environmental governance in India

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1. INTRODUCTION

Two foundations of contemporary business practises are corporate governance reform and environmental accountability. As societies and stakeholders have realised their relevance to promoting sustainable and responsible company activity, they have received more focus in recent years.

Corporate governance reform addresses the norms, practises, and institutions determining how businesses run and control. To protect the best interests of shareholders, customers, employees, and the community, it incorporates the values of transparency, accountability, fairness, and integrity inside an organisation. To encourage long-term value creation, reforms in corporate governance should aim to reduce conflicts of interest, increase ethical behaviour, and improve decision-making procedures.

Environmental responsibility seeks to ease public anxiety about the ecological footprint of commercial enterprises. Carbon emissions reduction, resource conservation, and implementing sustainable business practices are now among the responsibilities placed on corporations. Businesses must take responsibility for the environment to meet rising regulatory expectations and increase consumer demand for environmentally friendly goods and services.

India has made much progress this year in our ongoing efforts to protect the earth. India uses the third most energy of any country in the world. Our power has more than doubled since 2000, and coal, oil, and solid fuels still meet 80% of our needs.[1] India's consumption of energy and emissions are just under half of the global average per person.[2] India uses about 13 million tonnes of paper annually, but it can only collect about 25% to 28% of that.[3] This means much waste paper is not returned to paper mills for recycling. Environmentalists, policymakers, and the industry should work together to find the best way to stop people from using paper for other things and send it back to the paper industry for recycling. If this coordinated and unified action is not taken, India will have to buy a lot of waste paper, which will cost a considerable amount of foreign exchange. The business has been proactive by holding small-scale programmes to raise awareness in different parts of the country. Industry and the government must do more on the Central, State, and Municipal Corporations levels to get more papers back.

Our Corporate Sustainability Report shows our unwavering dedication to caring for the earth. But, according to a report released on Friday at the **COP27** climate conference in Egypt, India's carbon emissions are growing the fastest among the world's significant warming contributors[4]. However, India's per capita carbon emissions are still much lower than in many developed and developing nations.

The Environment Social Governance Report demonstrates an all-encompassing strategy for corporate social responsibility[5]. It explains the initiatives to lessen the ecological footprint and strengthen our ties to the local community. This report represents our commitment to long-term viability, CSR, and promoting positive social change and operational transparency.[6]

On the other hand, citizens, non-governmental organisations, and governments increasingly turn to the courts to address climate-related harm and hold polluters accountable, i.e., the Polluter Pay Principle. These cases cover many concerns, from pollution to human rights abuses, and define a crucial legal front in the war against global warming.

2. CORPORATE GOVERNANCE REFORMS

In India, reforms to corporate governance have come a long way in the past few years. These changes aim to make the business sector more open, accountable, and trustworthy for investors.

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[1] International Energy Agency, *India Energy Outlook 2021 – Analysis*, IEA, https://www.iea.org/reports/india-energy-outlook-2021.

[2] *Id.*

[3] Indian Agro & Recycled Paper Mills Association, *Waste Paper*, https://www.iarpma.org/wast-paper.asp.

[4] Snigdhendu Bhattacharya, *Report At COP27: India Records Highest Emission Increase Among Top Global Contributors*, HTTPS://WWW.OUTLOOKINDIA.COM/ (2022), https://www.outlookindia.com/international/report-at-cop27-india-records-highest-emission-increase-among-top-global-contributors-news-236452 .

[5] Asan Vernyuy Wirba, *Corporate Social Responsibility (CSR): The Role of Government in Promoting CSR*, J. KNOWL. ECON. (2023), https://doi.org/10.1007/s13132-023-01185-0.

[6] *Id.*

The Companies Act of 2013, which replaced the old Companies Act of 1956, was one of the most important events. The new laws led to several changes, including the creation of the National Company Law Tribunal (NCLT)[7] and the National Company Law Appellate Tribunal (NCLAT)[8] to settle corporate disputes quickly.

The Securities and Exchange Board of India (SEBI) has also played a significant role in enforcing reforms, such as stricter rules on disclosure, more independent boards, and more shareholder involvement. Also, independent directors must now be appointed by law, and auditors must follow tighter rules.[9]

These changes aim to make Indian businesses more responsible, protect the interests of investors, and encourage long-term business practices. They are essential for making India a better place to invest and keeping its economy healthy in the long run.

3. COMMITTEE RECOMMENDATIONS OF CORPORATE GOVERNANCE REFORMS:

In India, committees have put forward essential suggestions for changes to be taken to company governance. Here are a few essential recommendations:

1. **THE SEBI COMMITTEE ON CORPORATE GOVERNANCE 2017**[10], led by Uday Kotak, impacted how corporations are run in India. It suggested significant changes to make things more open and accountable. Some of the essential suggestions were to increase the number of independent directors on boards, split the roles of Chairman and CEO, make audit committees stronger, and need shareholder approval for transactions involving related parties.[11]

These steps aimed to bring India's corporate governance practises up to speed with international best practices, which would boost investor trust.[12] Since then, many of these suggestions have been implemented, starting a new age of corporate governance in India that emphasises openness, honesty, and protecting shareholders. It suggested making audit panels more critical, improving risk management, and clarifying related-party transactions.

2. **THE BIMAL JALAN COMMITTEE (2018):** [13]The Securities and Exchange Board of India (SEBI) set up the Bimal Jalan Committee on Corporate Governance in 2018 to look over and improve the requirements of corporate governance within Indian companies that are on the stock market. The group, led by Bimal Jalan, a former Governor of the RBI, suggested essential changes. Some of these were ensuring auditors are independent, giving more information about transactions involving related parties, and making disclosure standards stricter. [14]The committee suggested bringing Indian corporate governance practices aligned with international norms. This would increase investor trust and ensure that Indian companies are honest and responsible. After that, SEBI implemented some of these suggestions to improve corporate governance in India.

3. **NARESH CHANDRA COMMITTEE (2002):** The Naresh Chandra Committee on Corporate Governance's main goal was to make Indian corporate governance better. Its main goals were to improve openness and morality and protect shareholders.[15] In some ways, these goals overlapped with environmental issues.

1. Disclosure Requirements: The group said companies should follow stricter disclosure rules. This included telling people how business processes affect the environment and people's lives. In this way, it pushed businesses to be more open about how they treat the earth.
2. The Role of Independent Directors: The committee stressed how important it is for boards to have independent directors. Independent directors often bring a wide range of skills, such as environmental knowledge, which can help the company make better decisions about environmental problems.
3. Ethical Practices: The committee encourages ethical behavior, which includes being responsible for the world. Promoting moral behaviours in businesses indirectly affects how environmentally responsible they are.

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[7] Companies Act, 2013, § 408, No. 18, Acts of Parliament, 2013 (India).
[8] Companies Act, 2013, § 410, No. 18, Acts of Parliament, 2013 (India).
[9]Ministry of Corporate Affairs ,*Report of Expert Committee*, https://www.mca.gov.in/Ministry/reportonexpertcommitte/chapter4.html.
[10] Vyshak P K, *Moving towards Better Corporate Governance in India : An Analysis of the Uday Kotak Committee on Corporate Governance*, (2021), Social Science Research Network, https://papers.ssrn.com/abstract=3891818.
[11] *Id.*
[12] *Id.*
[13] Business Standard, *What Is Bimal Jalan Committee?*, https://www.business-standard.com/about/what-is-bimal-jalan-committee).
[14] *Id.*
[15]Ministry of Company Affairs, *Draft_Report_NareshChandra*_CII.pdf, https://www.mca.gov.in/Ministry/latestnews/Draft_Report_NareshChandra_CII.pdf .

Although the Naresh Chandra Committee mainly focused on corporate governance, its suggestions indirectly promoted environmental accountability by promoting openness, morality, and good business practices, all essential to environmentally friendly and sustainable corporate behaviours.

3: ENVIRONMENTAL ACCOUNTABILITY

Companies think about and talk about their environmental effects and sustainability efforts more in-depth because these changes encourage more openness and moral behaviour. Better corporate governance can help raise knowledge and hold companies more accountable for environmental issues in this way, even if that was not the main point of the report. How people think about corporate governance has dramatically changed in the 21st century, especially concerning environmental issues. Climate change, resource loss, and environmental damage are all serious problems that affect people all over the world. More and more people realise that businesses need to do more to help solve these problems. Because of this change, an environmental issue in corporate governance needs particular focus based on data evaluation and strategic responses.

Companies are more likely to reduce their environmental impact, use eco-friendly methods, and think about how their actions will affect the environment in the long run because of the increased focus on environmental accountability. Shareholders and other interested parties are now calling for more openness about how a company treats the environment. They also push for sustainable business practices and reasonable change to make the business world more environmentally responsible. Corporate governance reforms have affected environmental responsibility by making people more aware of how important it is to be honest and act ethically. Companies with strong corporate governance are more likely to think about and talk about how they affect the environment and work to be sustainable. In turn, this makes people more aware of and responsible for environmental issues, even if that was not the primary goal of the changes.

3.1 ENVIRONMENTAL ISSUES AND MECHANISMS:

Corporations, huge multinational ones, leave a significant mark on the world. They are mostly blamed for greenhouse gas pollution, water use, and trash manufacturing. According to Carbon Major Reports, over seventy per cent of the global emissions of greenhouse gases since 1988 came from just 100 businesses.[16] This article demonstrates how a small group of fossil fuel companies might possess an essential to making significant changes in carbon emissions. This also shows how big the problem is and how quickly the corporate government needs to fix it.

Corporate governance and environmental concerns have garnered considerable interest in India recently. As a rapidly expanding global economy, India confronts urgent ecological predicaments such as air and water pollution, deforestation, and climate change. Implementing corporate governance practices is essential in how Indian enterprises tackle these challenges. This essay explores the current environmental concern of corporate governance in India, substantiated by empirical evidence and analytical perspectives.

The preservation of biodiversity is a distinct and exceptional problem within the context of India, owing to the country's abundant and varied ecosystems. Corporations near environmentally vulnerable regions must implement additional measures to save indigenous plant and animal species. This includes the execution of environmental impact assessments, implementing programmes for conserving biodiversity, and providing assistance for projects aimed at restoring habitats. India is increasingly demonstrating its dedication to developing and using renewable energy sources, with enterprises assuming a significant responsibility in driving forward this transformative process. Companies may effectively decrease their carbon emissions and actively contribute to India's renewable energy objectives by investing in clean and sustainable energy sources, such as solar and wind power.

THE TOPIC OF DISCUSSION IS THE RELATIONSHIP BETWEEN AIR POLLUTION AND INDUSTRIAL ACTIVITIES

India has been contending with a significant issue of air pollution, particularly in major urban areas. According to the findings of the Global Burden of Disease Study 2019 of the World Health Organization, it has been determined that

[16] Tess Riley, *Just 100 Companies Responsible for 71% of Global Emissions, Study Says*, THE GUARDIAN, Jul. 10, 2017, https://www.theguardian.com/sustainable-business/2017/jul/10/100-fossil-fuel-companies-investors-responsible-71-global-emissions-cdp-study-climate-change.

outdoor air pollution ranks as the third leading factor contributing to premature mortality[17]. Industrial emissions are a significant factor in the generation of air pollution. Corporate governance should be pivotal in promoting cleaner technology and enhancing industry air quality management systems to address this issue effectively.

THE TOPIC OF CONCERN IS WATER POLLUTION RESULTING FROM INDUSTRIAL DISCHARGES

Water contamination poses a significant environmental challenge in India. Approximately 600 million individuals encountered substantial levels of water stress, ranging from severe to extreme. Additionally, it has been predicted that a total of twenty-one cities, including Delhi, Bengaluru, Chennai, and Hyderabad, will see a depletion of groundwater resources by the year 2020[18]. This depletion is expected to impact around 100 million individuals residing in these areas significantly. If current trends persist, it is projected that the country's Gross Domestic Product (GDP) will experience a decline of 6% by the year 2050.[19] Additionally, it is worth noting that the vital groundwater resources, which constitute 40% of India's water supply, are currently experiencing depletion at rates that can be classified as unsustainable.[20] Furthermore, a significant portion of India's water supply, approximately 70%, is contaminated. Hence, it is imperative to organise the country's water resources as fully exploitable assets to the greatest extent feasible.

A significant portion of the pollution can be ascribed to the emissions originating from industrial activities. A comprehensive corporate governance framework should prioritise the appropriate use of water resources, proper management of effluents, and strict compliance with water quality regulations.

CLIMATE CHANGE MITIGATION:

Climate change mitigation refers to the efforts and strategies implemented to reduce or prevent the long-term effects of climate change. It includes taking actions to decrease greenhouse gas emissions and enhance carbon.

The natural environment, economy, and society of India are significantly affected by climate change, resulting in more frequent and intense impacts. India is confronted with a range of formidable issues, including heatwaves, floods, monsoons, and the depletion of groundwater reserves. The adverse effects of heatwaves on human well-being and gross domestic product (GDP) have proven to be quite burdensome. As of April 26, 2022, 15 states in India have been grappling with the adverse consequences of heat waves, which have had significant repercussions on public health, agricultural productivity, and water supply. [21]Due to floods, India has incurred a financial burden of US$26.3 billion, resulting in damages that surpass nearly 0.5% of its Gross Domestic Product (GDP). Multiple studies have indicated the significant economic and social ramifications of climate-related destruction in India resulting from a lack of action to address climate change. These consequences might amount to a staggering US$35 trillion during the next five decades[22]. In particular, the health and agriculture sectors are expected to bear the brunt of these impacts.

India's domestic strategy on climate and environmental action encompasses many measures aimed at safeguarding regional glaciers, implementing sustainable practices in the railway system, mitigating the usage of single-use plastic, and promoting the production of clean cooking fuel. India has set a target to achieve carbon neutrality by 2070 and has successfully managed to detach its economic growth from its greenhouse gas emission[23]s. Based on the findings of the 2022 Intergovernmental Panel on Climate Change (IPCC) assessment, it is evident that the examined major global economies have demonstrated a commendable historical performance in per capita emissions, exhibiting somewhat lower levels in contrast to their counterparts.[24]

Hence, India is susceptible to the ramifications of climate change, encompassing severe weather events and rising sea levels. The nation has committed to decreasing its carbon intensity and enhancing the proportion of energy derived from non-fossil fuel sources. According to data from the International Energy Agency (IEA), there has been a consistent

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[17] World Health Organisation, *Ambient (outdoor) air pollution*, WHO, https://www.who.int/news-room/fact-sheets/detail/ambient-(outdoor)-air-quality-and-health .

[18] Parivesh Bhawan & East Arjun Nagar, *Indicative Guidelines for Restoration of Water Bodies*, *Central Pollution Control Board*, https://cpcb.nic.in/wqm/Ind-Guidelines-RestWaterBodies.pdf.

[19] *Id.*

[20] *Id.*

[21] How is India tackling climate change?, GRANTHAM RESEARCH INSTITUTE ON CLIMATE CHANGE AND THE ENVIRONMENT, https://www.lse.ac.uk/granthaminstitute/explainers/how-is-india-tackling-climate-change/ (last visited Sep 27, 2023).

[22] *Id.*

[23] *Id.*

[24] *Id.*

upward trend in the proportion of renewable energy within India's power generation portfolio.[25] The implementation of corporate governance mechanisms can serve as a motivating factor for firms to allocate resources towards renewable energy investments and integrate energy-efficient practices into their operations, thereby aligning with India's climate objectives.

3.2: SEBI'S ROLE IN ENVIRONMENTAL ACCOUNTABILITY: EFFECT OF CORPORATE GOVERNANCE REFORMS

SEBI did things to include governance, social issues, and the environment (ESG) in changes to Indian company law. Please keep in mind, though, that something may have changed since then. Through changes to corporate governance, SEBI was making companies more responsible for the world in these ways:

- **Mandatory ESG Disclosure:** SEBI had suggested that public companies should have to follow specific rules for mandatory ESG disclosure. In other words, businesses would have had to talk about their environmental practises, social responsibility programmes, and how they run their businesses. [26]These admissions would have led to more openness about how a company affects the world.
- **Business Responsibility and Sustainability Reporting (BRSR):** The Business Responsibility and Sustainability Reporting system was made by SEBI.[27] It told businesses to write about their sustainable efforts, including the environmental ones. This study aimed to give everyone an overall picture of how environmentally responsible a company is.
- **Proxy Advisory Firms:** SEBI controls proxy advisory firms, which help owners with various business problems, such as environmental and sustainability concerns. [28] To clarify the work of proxy advice firms, SEBI has instructed them to comply with specific rules when they make suggestions. The securities regulatory is seeking proxy advisory companies to explain the methods and steps they used to study and develop the tips they give to their customers.[29] The proxy managers were additionally instructed to provide their clients, and the company reviewed their reports. This rule ensures that shareholders get professional help when judging a company's environmental practices.
- **Green Bonds" and Sustainability-Linked Bonds:** SEBI gave green and sustainability-linked bonds rules to follow. It made the rules for green bonds stronger by adding the ideas of "blue" and "yellow" ties as new ways to make things last. [30]These financial tools were created to help fund projects that are good for the environment. By regulating these bonds, SEBI backed funding that is good for the environment.
- **ESG Ratings:** SEBI is looking into how to bring in ESG rating bodies that would give companies grades based on how well they do in ESG issues.[31] SEBI published a consultation paper to streamline and standardise ratings for businesses on Environmental, Social, and Governance grades and metrics. These grades would have helped buyers make more intelligent choices, like considering how environmentally responsible a company is.
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[25] International Energy Agency, *Renewables Integration in India – Analysis*, IEA, https://www.iea.org/reports/renewables-integration-in-india.

[26] Securities and Exchange Board of India *Balanced Framework for ESG Disclosures, Ratings and Investing*, SEBI, https://www.sebi.gov.in/sebi_data/meetingfiles/apr-2023/1681703013916_1.pdf .

[27] K. R. Srivats, *Sustainability Reporting: SEBI Fixes Schedule for Mandatory "Reasonable Assurance,"* BUSINESSLINE (2023), https://www.thehindubusinessline.com/economy/sustainability-reporting-sebi-fixes-schedule-for-mandatory-reasonable-assurance/article67074816.ece .

[28] SEBI | Procedural Guidelines for Proxy Advisors, https://www.sebi.gov.in/legal/circulars/dec-2020/procedural-guidelines-for-proxy-advisors_48633.html.

[29] Our Bureau, *SEBI Tightens Disclosure Norms for Proxy Advisory Firms*, BUSINESSLINE (2020), https://www.thehindubusinessline.com/markets/sebi-tightens-norms-for-proxy-advisory-firms/article32260126.ece .

[30] ETEnergyworld, *Sebi Notifies Stronger Framework for Green Bonds; Introduces Concept of Blue, Yellow Bonds - ET EnergyWorld*, ETENERGYWORLD.COM, https://energy.economictimes.indiatimes.com/news/renewable/sebi-notifies-stronger-framework-for-green-bonds-introduces-concept-of-blue-yellow-bonds/97593400 .

[31] Priyanka Gawande, *ESG Ratings: Sebi Proposes Norms for Entities*, MINT (2022), https://www.livemint.com/market/stock-market-news/sebi-proposes-only-accredited-entities-can-provide-esg-ratings-11643036827930.html .

3.3 CLIMATE CHANGE LITIGATION

In India's ongoing struggle against the devastating effects of climate change, climate change mitigation and environmental accountability are intertwined. With a growing population and various ecosystems, India confronts formidable ecological challenges, making legal action and accountability essential to its environmental policy landscape. The diversity of issues encompassed by climate change litigation in India reflects the complexity of environmental challenges.

- Claims for Pollution Control: As industrialisation rates have accelerated, air and water pollution have become urgent. Commonly targeted by litigation are polluting industries, power facilities, and urban development initiatives. These legal actions seek to compel stringent compliance with environmental regulations and compensate communities harmed.
- Public Interest Litigation In India, public interest litigation is an effective instrument for environmental accountability. PILs are frequently filed by environmental activists, NGOs, and concerned citizens to address issues like deforestation, illicit construction, and wildlife protection. The purpose of these cases is to motivate government action and guarantee the enforcement of environmental laws.
- Climate Change Mitigation and Adaptation Lawsuits: India's National Action Plan on Climate Change (NAPCC) outlines mitigation and adaptation strategies for climate change.[32] This plan will cover[33]:

1. National Solar Mission
2. National Mission for Enhanced Energy Efficiency
3. National Mission on Sustainable Habitat
4. National Water Mission
5. National Mission for Sustaining the Himalayan Eco-systemkjln
6. National Mission for a Green India
7. National Mission for Sustainable Agriculture
8. National Mission on Strategic Knowledge for Climate Change

   Frequently, litigation concerning climate change calls into doubt the implementation and efficacy of these policies, arguing for more robust measures to combat global warming.

- Environmental activists and grassroots movements are crucial in holding governments and corporations accountable for their actions. **Greta Thunberg's Fridays for the Future movement**[34] and local climate strikes in India highlight the importance of grassroots activism in promoting climate action and accountability.

4. CORPORATE RESPONSIBILITIES AND LIABILITIES FOR ENVIRONMENTAL ACCOUNTABILITY:

The significance of corporate obligations towards environmental responsibility in India is of utmost importance, considering the country's wide range of ecological concerns and fast industrial development. The role of companies in India influences the nation's natural landscape, mainly due to its expanding population and escalating urbanisation.

Primarily, Indian firms must confront the pressing matter of air pollution. India faces substantial air quality challenges in several prominent urban areas, resulting in noteworthy health and environmental ramifications. It is incumbent upon corporations to mitigate their impact on atmospheric pollution by adopting environmentally friendly technology, reducing emissions, and adhering to emissions regulations established by governing bodies.

Indian corporations must adhere to environmental laws and regulations without exception. The nation possesses a comprehensive and resilient legislative structure that regulates environmental conservation, necessitating tight compliance from corporations. Non-compliance may lead to legal ramifications and harm to one's reputation.

Moreover, Indian firms must actively participate in community outreach and environmental education programmes. These projects have the potential to enhance understanding of environmental concerns, foster responsible conduct among employees and the community, and advance the principles of environmental stewardship.

[32] Climate Change Programme | Department Of Science & Technology, https://dst.gov.in/climate-change-programme.
[33] *Id.*
[34] Fridays For Future is an international climate movement active in most countries and our website offers information on who we are and what you can do., https://fridaysforfuture.org/ (last visited Sep 28, 2023).

4.1 CORPORATE LIABILITIES AND PROTECTION

The issue of corporate liability about environmental accountability in India is a multifaceted and dynamic domain encompassing legal and ethical considerations. In light of escalating ecological concerns, it is imperative to scrutinise the legal and ethical aspects of corporate accountability in protecting the environment. This essay aims to examine the concept of corporate liability concerning environmental responsibility in the context of India.

4.1.1 LEGAL FRAMEWORK: The legislative landscape in India includes a range of rules and regulations established to address and regulate corporate accountability about environmental harm effectively. The Environment (Protection) Act of 1986 and the Water (Prevention and Control of Pollution) Act of 1974 are significant legislative measures. These regulations impose liability on corporations for any environmental damage resulting from their activities.

Section 15[35] is the primary provision addressing the responsibility of directors for environmental infractions in India. This section confers the authorities with the ability to enforce penalties and initiate legal proceedings against people, including directors, who violate the terms of the Act, as well as any regulations, orders, and directives made according to the Act. Penalties may encompass monetary sanctions and custodial sentences in more egregious instances.[36]

Section 15[37] plays a pivotal role in establishing the responsibility of directors and people regarding environmental infractions and guaranteeing adherence to legal obligations. Directors need to know their duties as outlined in this section[38]. They should then undertake appropriate measures to ensure their firm strictly adheres to environmental rules, mitigating potential legal ramifications.

The legal responsibilities of directors are discussed in Section 44 [39]of the legislation above. This part pertains to the transgressions perpetrated by corporate entities and the legal obligation imposed upon directors, managers, secretaries, and other executives of the firm about those offences. The provision states that in the event of a company committing a crime under the Act, all individuals who held positions of authority and were responsible for overseeing the company's operations at the time of the offence shall be considered culpable. Consequently, the individuals and the company shall be held accountable and subject to legal proceedings and appropriate penalties.

Section 44 [40]establishes the legal framework by which directors and officials of corporations can be held liable for any water pollution violations the firm commits. Under this clause, individuals might be considered culpable and subject to legal responsibility for the corporation's activities.

The provision of whistleblower protection in India serves as a vital legal framework that incentivises persons to disclose instances of environmental breaches, risks, or unlawful activities that pose harm to the environment. This framework also ensures that these individuals are shielded from any retaliatory actions.

The Whistle Blowers Protection Act of 2014 in India provides legal protection to those who disclose instances of environmental misconduct or infractions. This legislation safeguards whistleblowers from retaliatory actions, guaranteeing their safety and employment stability. This measure promotes environmental stewardship and enables citizens to assume the role of ecological guardians by reporting unlawful acts such as pollution, improper waste disposal, or habitat degradation.

Whistleblower protection is acknowledged as significant in the Environmental Impact Assessment Notification, 1994, and several other environmental rules.

According to Section 11[41], those who disclose environmental wrongdoing are protected against various forms of reprisal, such as termination of employment, mistreatment, or prejudiced treatment. The names of individuals are maintained privately and are granted immunity from both civil and criminal proceedings, provided that their disclosures are made in good faith.[42]

[35] The Environment (Protection) Act of 1986 § 408, No. 29, Acts of Parliament, 1986 (India).
[36] Id,
[37] Id.
[38] Id.
[39] Water (Prevention and Control of Pollution) Act, 1974 §44, No. 6, Acts of Parliament, 1974 (India).
[40] Id.
[41] Whistle Blowers Protection Act, 2014 Act, 1974 §11 No. 17, Acts of Parliament, 2014 (India).
[42] Id.

This measure grants citizens the authority to monitor environmental infractions, guaranteeing that corporations and institutions comply with established environmental legislation and regulations. The implementation of this initiative promotes the principles of openness, accountability, and environmental stewardship, making a significant contribution towards the conservation of India's natural resources and the maintenance of its ecological equilibrium. Whistleblower protection in India serves as a fundamental pillar of environmental responsibility, fostering citizen engagement in the preservation of the environment for the benefit of future generations.

The polluter pays, a crucial concept within India's environmental law realm. The concept entails that the entity responsible for causing pollution or ecological harm must assume the financial burden associated with the restoration and mitigation efforts.[43] This idea imposes substantial responsibility on companies to address and remedy environmental damage from their operations.

Environmental Impact Assessments (EIA) are mandatory for several industrial projects in India, evaluating and analysing the potential ecological consequences associated with such ventures. It is essential for corporations to conduct these evaluations transparently and implement appropriate actions to mitigate any potential environmental impact resulting from their operations.[44] Neglecting to adhere to this requirement may lead to legal consequences and hinder project progress.

The following provisions outline pertinent regulations and concepts about environmental accountabilities, as well as the responsibilities of directors in this context.

The Companies Act of 2013 in India mandates that directors carry out their duties with integrity, prioritising the firm's and its stakeholders' well-being, which encompasses the community and the environment. According to Section 166[45], directors must behave in a manner that demonstrates good faith and prioritises the best interests of the firm and its many stakeholders, which encompasses the community and the environment.

During the most recent few decades, corporate social responsibility (CSR) has progressed from just charitable efforts to the integration of the interests of businesses with those of the communities that those businesses serve. A company may produce wealth and long-term sustainability for itself while simultaneously contributing a beneficial impact towards the improvement of society if it demonstrates social, environmental, and ethical responsibility[46] in the administration of its activities. According to Section 135[47], companies that meet specific conditions are obligated to spend funds towards Corporate Social Responsibility (CSR) endeavours, which frequently encompass environmental projects. The forest minister of Maharashtra, Sudhir Mungantiwar, proposed that corporations donate 25% of their Corporate Social Responsibility (CSR) funding towards initiatives about environmental conservation.[48] Directors have a pivotal role in supervising and endorsing corporate social responsibility (CSR) initiatives concerning environmental concerns. The National Voluntary Guidelines on Social, Environmental, and Economic Responsibilities of Business (NVGs) outline the recommended practises for businesses regarding their social, environmental, and economic responsibilities[49]. Directors are strongly advised to ensure that firms incorporate ecological sustainability as a fundamental component of their operational strategies.

The Securities and Exchange Board of India (SEBI) Listing Regulations mandate specific requirements for listed firms. Regulation 17[50] stipulates that listed companies must establish many committees, including the Audit Committee. The primary responsibility of the Audit Committee is to assess the company's environmental policies[51] and ensure

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[43] Barbara Luppi, Francesco Parisi & Shruti Rajagopalan, *The Rise and Fall of the Polluter-Pays Principle in Developing Countries*, 32 INT. REV. LAW ECON. 135 (2012).

[44] A. K. A. Rathi, *Evaluation of Project-Level Environmental Impact Assessment and SWOT Analysis of EIA Process in India*, 67 ENVIRON. IMPACT ASSESS. REV. 31 (2017).

[45] Companies Act, 2013, § 166, No. 18, Acts of Parliament, 2013 (India).

[46] Securities and Exchange Board of India,*GUIDANCE NOTE FOR BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORTINGFORMAT,*SEBIGuidance_Note_on_CSR_Final.pdf,https://www.icsi.edu/media/webmodules/Guidance_Note_on_CSR_Final.pdf .

[47] Companies Act, 2013, § 135, No. 18, Acts of Parliament, 2013 (India).

[48] Wirba, *supra* note 5.

[49] Institute of Company Secretaries of India, Guidance Note On Corporate Social Responsibility ICSIGuidance_Note_on_CSR_Final.pdf, https://www.icsi.edu/media/webmodules/Guidance_Note_on_CSR_Final.pdf.

[50] Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Regulation 17.

[51] Guidance_Note_on_CSR_Final.pdf, *supra* note 46.

compliance with relevant regulations. According to Regulation 34 2(f)[52], annual reports must provide detailed ecological and social responsibility information. Regulation 34(2)(f) was amended to state that the annual reports of the top 1000 publicly traded companies, determined, must now include a business responsibility report. [53]This report should outline these entities' environmental, social, and governance initiatives. Furthermore, directors are responsible for ensuring these disclosures are accurate and comprehensive.

The individuals in question should supervise identifying and effectively managing environmental hazards while advocating for adopting responsible practices.

The Global Reporting Initiative (GRI) recommends that directors consider using GRI standards for sustainability reporting. [54]These standards encompass a thorough assessment of environmental performance and activities. It is imperative to prioritise the establishment of openness in environmental disclosures.

The Environmental Impact Assessment (EIA) requirements stipulate that directors have the responsibility of ensuring that the corporation adheres to these requirements while engaging in initiatives that may have environmental consequences. This includes the supervision of the Environmental Impact Assessment (EIA) procedure and the implementation of actions aimed at mitigating potential negative impacts.

Implementing ISO 14001 standards is advised for directors since these standards offer a comprehensive framework for effectively managing environmental obligations.[55]

Hence, although there need to be more explicit provisions delineating the responsibilities of directors to environmental accountabilities, several regulations and guidelines emphasise the significance of directors in supervising environmental obligations, ensuring adherence to environmental legislation, and fostering sustainability within the organisational context. Directors must operate to the company's utmost advantage, encompassing ecological factors that are progressively significant in the contemporary commercial milieu.

5. CONCLUSION & SUGGESTIONS

In conclusion, implementing ethical corporate governance practices plays a crucial role in ensuring environmental responsibility within the context of India. Boards of directors and management teams must incorporate environmental factors into their decision-making procedures. This includes establishing ecological performance objectives, implementing periodic audits, and appointing environmental officers supervising sustainability endeavours.

Water conservation is a significant and urgent issue in the context of India. Numerous geographical areas within the nation experience a water resource shortage, further intensified by excessive extraction and contamination of aquatic ecosystems. Corporations must have a proactive approach towards the conservation of water resources. This may be achieved by the implementation of effective water management practices, the treatment of industrial effluent, and the minimisation of water wastage.

Implementing effective waste management practices is of utmost importance in a nation such as India, where trash production has significantly increased. Corporations must adopt waste reduction strategies such as recycling and reuse while prioritising the appropriate disposal of hazardous waste. In addition, they must actively advance waste management infrastructure, including establishing recycling facilities and implementing waste-to-energy initiatives.

Increasing numbers of people and activists in India are taking the government and various companies to court over climate change litigation. They are seeking environmental accountability from both parties. Cases frequently focus on air and water pollution, deforestation, and climate policy issues. As a result of these legal efforts, tighter rules are being pushed for, and awareness is being raised about the urgent need to address the implications of climate change in the country.

Ensuring transparency in environmental reporting is widely seen as a fundamental component of corporate responsibility in India. Companies must furnish stakeholders, such as shareholders, regulators, and the general public,

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[52] Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Regulation 34.

[53] SEBI (LODR) regulations amended: top 1000 listed entities to include BRR in the annual report, SHARDUL AMARCHAND MANGALDAS & CO, https://www.amsshardul.com/insight/sebi-lodr-regs-amended-top-1000-listed-entities-to-include-brr-in-annual-report/ .

[54] A Closer Look at the 'Global Reporting Initiative' Sustainability Reporting as a Tool to Implement Environmental and Social Policies: A Worldwide Sector Analysis - Alonso-Almeida - 2014 - Corporate Social Responsibility and Environmental Management - Wiley Online Library, https://onlinelibrary.wiley.com/doi/abs/10.1002/csr.1318 (last visited Sep 28, 2023).

[55] ISO - ISO 14001 and related standards — Environmental management, https://www.iso.org/iso-14001-environmental-management.html (last visited Sep 28, 2023).

with precise and all-encompassing data about their environmental performance. The presence of openness promotes the development of trust and accountability.

Environmental, Social, and Governance (ESG) reports have seen tremendous growth in popularity in India as a direct result of an increased awareness of corporations' duty towards the environment. Over the past few years, an increased focus has been on environmental responsibility. Companies are becoming more transparent about their initiatives to cut carbon emissions, save resources, and implement environmentally beneficial business practices. This movement was sparked by the efforts of the Indian government to regulate the environment more strictly and promote the use of renewable energy.

CONFLICT OF INTERESTS

None

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