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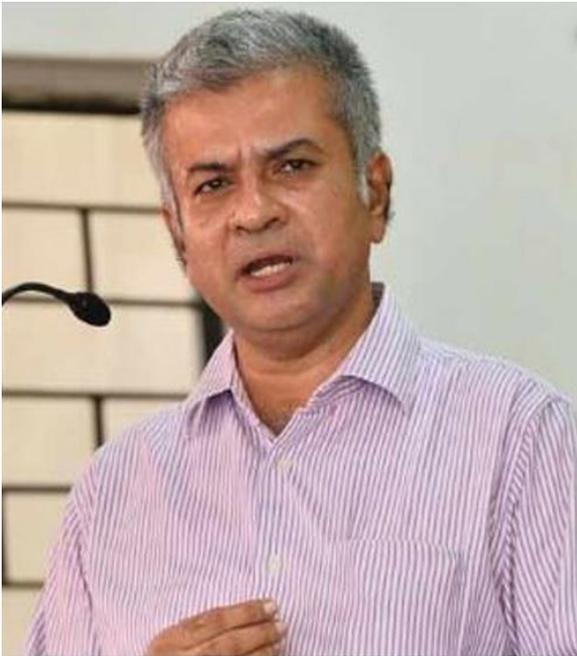
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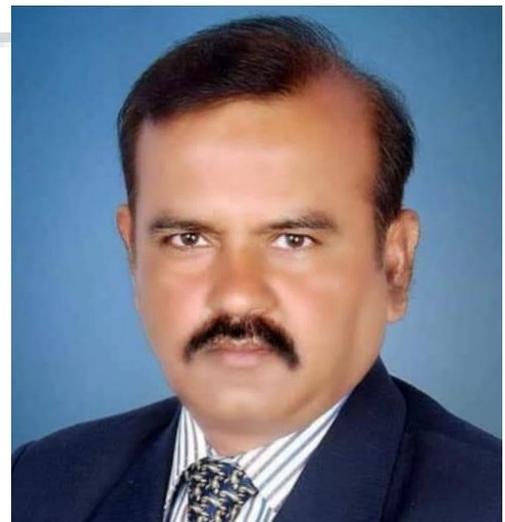


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WHITE BLACK LEGAL is an open access, peer-reviewed and refereed journal provide dedicated to express views on topical legal issues, thereby generating a cross current of ideas on emerging matters. This platform shall also ignite the initiative and desire of young law students to contribute in the field of law. The erudite response of legal luminaries shall be solicited to enable readers to explore challenges that lie before law makers, lawyers and the society at large, in the event of the ever changing social, economic and technological scenario.

With this thought, we hereby present to you

ENVIRONMENT AND CORPORATE **ACCOUNTABILITY**

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ABSTRACT

In today's era of sustainable development, corporate environmental accountability has become a key element of responsible business governance. It refers to a company's duty to prevent, reduce, and remedy any environmental damage caused by its operations, ensuring that profit-making goes hand in hand with protecting the environment. This responsibility is not just voluntary it also includes legal, ethical, and social obligations.

The legal structure supporting environmental accountability is built through national laws like the Environment (Protection) Act, 1986 in India, as well as international documents such as the Rio Declaration, the Paris Agreement, and the UN Guiding Principles on Business and Human Rights. Together, these frameworks require companies to conduct environmental due diligence, follow reporting rules, and adopt sustainable practices.

Courts have also played a strong role. Landmark cases like *M.C. Mehta v. Union of India* and *Vellore Citizens Welfare Forum v. Union of India* show how the Indian Supreme Court has incorporated the principles of sustainable development, the polluter-pays rule, and the precautionary approach into environmental law. These decisions broadened corporate liability and reinforced strict responsibility for industries dealing with hazardous materials.

Principles such as sustainable development, inter-generational equity, and transparency form the foundation of environmental governance. Concepts like Corporate Environmental Responsibility (CER) and Environmental, Social, and Governance (ESG) standards help companies embed environmental values into their strategies and meet the expectations of investors, regulators, and society.

Despite this progress, several challenges remain. These include weak enforcement, poor

environmental audits, greenwashing, and the absence of uniform ESG standards across countries. Comparing developed and developing nations shows that while many Western countries have strong regulatory systems, developing economies often face the difficulty of balancing economic growth with environmental protection.

To improve accountability, recommended policies include mandatory environmental impact disclosures, incorporating ESG obligations into corporate laws, promoting green innovation through incentives, and strengthening public interest litigation to support environmental justice.

Keywords: Corporate Environmental Accountability, Sustainable Development, Polluter-Pays Principle, ESG Standards, Corporate Environmental Responsibility.

INTRODUCTION

In today's era of sustainable development, corporate environmental accountability has become a key part of responsible governance and ethical business practice. As the world faces growing environmental challenges, the responsibilities of corporations now go far beyond voluntary environmental initiatives. They have evolved into clear legal, moral, and social duties to prevent, reduce, and address the environmental harm caused by their activities. Modern accountability expects companies to integrate sustainability into their core business strategies, ensuring that economic progress does not come at the cost of environmental health.

Both national and international legal frameworks form the backbone of this responsibility. In India, the Environment (Protection) Act, 1986 serves as the primary legislation for regulating and controlling industrial pollution. At the global level, instruments such as the Rio Declaration on Environment and Development (1992), the Paris Agreement (2015), and the UN Guiding Principles on Business and Human Rights (2011) highlight the need for environmental due diligence, transparency, and long-term corporate responsibility.

The judiciary has also played a crucial role in shaping this concept. Landmark judgments like *M.C. Mehta v. Union of India* and *Vellore Citizens' Welfare Forum v. Union of India* (1996) introduced essential principles such as sustainable development, the polluter-pays principle, and the precautionary principle into India's environmental jurisprudence. These decisions

transformed environmental protection from a broad policy goal into a legally enforceable obligation.

Alongside this, the emergence of Corporate Environmental Responsibility (CER) and Environmental, Social, and Governance (ESG) standards marks a shift in how companies understand their role in society. Businesses are no longer evaluated only on profitability they are also assessed on how well they protect the environment, ensure transparency, and support sustainable communities. However, practical challenges remain. Greenwashing, weak enforcement, and inconsistent ESG reporting continue to hinder genuine progress.¹

To move forward, we need a well-coordinated policy approach that makes sustainability reporting mandatory, builds ESG compliance into corporate governance practices, and strengthens judicial oversight through public interest litigation.

CONCEPT OF CORPORATE ENVIRONMENT ACCOUNTABILITY

In today's globalized world, shaped by the goals of sustainability, corporate environmental accountability (CEA) has become a key marker of responsible governance and ethical business. Earlier, corporations were mainly seen as profit-driven entities focused on maximizing shareholder value. But the rapid industrial growth of the last century has shown how deeply corporate activities can affect the environment from pollution and deforestation to climate change and the loss of biodiversity. As a result, modern corporations are now recognized as major stakeholders in promoting environmental sustainability and social justice.

Corporate environmental accountability refers to the legal, ethical, and social responsibility of companies to prevent, reduce, and compensate for the environmental harm caused by their operations. This responsibility goes beyond simply following environmental laws. It requires companies to take proactive steps to protect the environment, manage natural resources responsibly, and be transparent about their sustainability practices. In essence, corporations are expected to factor in the environmental costs of their actions and make ecological protection a meaningful part of their business strategy.

¹ S.C. SHASTRI, ENVIRONMENTAL LAW (9th ed. E. Book Co. 2023).
U.N. Guiding Principles on Business and Human Rights, U.N. Doc. HR/PUB/11/04 (2011).
M.C. Mehta v. Union of India, AIR 1987 SC 1086 (India).
Vellore Citizens' Welfare Forum v. Union of India, (1996) 5 SCC 647 (India).

This idea is built on the understanding that corporations, as influential social and economic actors, have the power to either damage or safeguard the environment. To guide corporate behaviour, national and international legal systems have evolved over time. In India, the Environment (Protection) Act, 1986 stands as the main law regulating industrial pollution and environmental protection. At the global level, documents like the Rio Declaration on Environment and Development (1992), the Paris Agreement (2015), and the UN Guiding Principles on Business and Human Rights (2011) broaden the obligations of corporations toward environmental care and human welfare. Together, these frameworks encourage companies to adopt environmental due diligence, publish sustainability reports, and follow responsible corporate governance practices.²

Judicial decisions have played a major role in shaping corporate environmental accountability. The Indian Supreme Court, through landmark cases like *M.C. Mehta v. Union of India* and *Vellore Citizens' Welfare Forum v. Union of India*, introduced important principles such as sustainable development, the polluter-pays principle, and the precautionary principle into environmental law. These judgments made it clear that industries involved in hazardous activities carry absolute liability for any harm they cause. This reinforced the idea that economic development cannot be pursued at the expense of ecological balance.

In recent times, corporate accountability has grown to include Corporate Environmental Responsibility (CER) and Environmental, Social, and Governance (ESG) frameworks. These systems encourage companies to incorporate environmental values into their decision-making process, ensuring that business performance is judged not only by financial results but also by environmental and social outcomes. Today, ESG compliance is also a key factor for investors and regulators, helping promote a global culture of transparency and sustainability reporting.

However, despite these advancements, several challenges still exist. In many developing countries, issues such as weak enforcement, greenwashing, and inconsistent ESG measurement standards reduce the effectiveness of environmental accountability. To improve corporate

² Environment (Protection) Act, No. 29 of 1986, INDIA CODE (1986).
Rio Declaration on Environment and Development, U.N. Conf. on Env't & Dev., June 13, 1992, U.N. Doc. A/CONF.151/26 (Vol. I).
Paris Agreement, Dec. 12, 2015, T.I.A.S. No. 16-1104.
M.C. Mehta v. Union of India, AIR 1987 SC 1086 (India).
Vellore Citizens' Welfare Forum v. Union of India, (1996) 5 SCC 647 (India).

environmental governance, a comprehensive approach is needed one that mandates environmental disclosures, supports green innovation, and integrates sustainability requirements into corporate and financial regulations.

Ultimately, corporate environmental accountability marks a major shift in how we view the purpose of business. It expands the idea of corporate success beyond profit and emphasizes contributions to environmental protection, social well-being, and fairness for future generations. By placing ecological responsibility at the core of business conduct, CEA helps pave the way for a more just and sustainable global economy.

LEGAL FRAMEWORK GOVERNING ENVIRONMENT ACCOUNTABILITY

The legal framework for environmental accountability aims to balance economic development with the protection of the environment. It is built through national laws, court decisions, and international environmental agreements. Together, these measures ensure that corporations being key drivers of industrial growth are held responsible for the environmental impact of their activities. This framework sets enforceable duties and standards to prevent environmental harm, encourage sustainable practices, and protect the rights of future generations.

1. National Legal Framework (India)

India's approach to environmental accountability has grown significantly since the 1970s, shifting from a reactive system to a proactive legal framework grounded in sustainable development. The Environment (Protection) Act, 1986 is the central law that gives the government wide powers to protect and improve environmental quality. It allows authorities to set standards for industries, regulate emissions, and impose penalties for violations.

This law is supported by several sector-specific statutes, including:

- The Water (Prevention and Control of Pollution) Act, 1974
- The Air (Prevention and Control of Pollution) Act, 1981
- The Public Liability Insurance Act, 1991, which provides immediate relief to victims of industrial accidents involving hazardous substances

The Companies Act, 2013 also brought in an important change by making Corporate Social Responsibility (CSR) mandatory under Section 135. This indirectly promotes environmental sustainability by requiring eligible companies to spend a portion of their profits on

environmental and community welfare projects.³

The judiciary has played a key role in interpreting these laws. In *M.C. Mehta v. Union of India*, the Supreme Court introduced the doctrine of absolute liability for industries handling hazardous materials, making corporate accountability stronger. In *Vellore Citizens' Welfare Forum v. Union of India*, the Court formally adopted the principles of sustainable development, the polluter-pays principle, and the precautionary principle, bringing Indian environmental law in line with global standards.

2. International Legal Framework

Globally, environmental accountability has been shaped by international agreements and soft-law instruments that guide national laws and corporate policies. The Rio Declaration on Environment and Development (1992) sets out key ideas such as the precautionary principle (Principle 15) and the polluter-pays principle (Principle 16), which influence both governments and businesses. The Paris Agreement (2015) under the UNFCCC is a major milestone in international environmental governance. It requires countries to commit to nationally determined contributions (NDCs) and encourages companies to disclose climate-related risks, helping integrate sustainability into financial and investment systems.

The United Nations Guiding Principles on Business and Human Rights (2011) further state that businesses must respect environmental and human rights standards in their operations and supply chains. Instruments such as the OECD Guidelines for Multinational Enterprises and ISO 14000 Environmental Management Standards also strengthen environmental accountability by promoting transparency, responsible practices, and sustainable management systems.

3. Judicial and Institutional Framework

In India, environmental governance has been reinforced by specialized bodies like the National Green Tribunal (NGT), established under the National Green Tribunal Act, 2010. The NGT

³ Environment (Protection) Act, No. 29 of 1986, INDIA CODE (1986).

Rio Declaration on Environment and Development, U.N. Conf. on Env't & Dev., June 13, 1992, U.N. Doc. A/CONF.151/26 (Vol. I).

Paris Agreement, Dec. 12, 2015, T.I.A.S. No. 16-1104.

M.C. Mehta v. Union of India, AIR 1987 SC 1086 (India).

Vellore Citizens' Welfare Forum v. Union of India, (1996) 5 SCC 647 (India).

functions as a dedicated forum for resolving environmental disputes quickly and fairly, while upholding sustainable development principles.⁴

The judiciary has also expanded environmental rights through Article 21 of the Constitution, interpreting the right to life to include the right to a clean and healthy environment. Through numerous landmark judgments, courts have linked environmental protection to human rights, strengthening both government and corporate responsibility toward safeguarding the environment.

JUDICIAL APPROACH AND LANDMARK JUDGEMENTS

The judiciary in India has played a crucial role in shaping corporate environmental accountability, turning environmental protection from a voluntary moral choice into a legally enforceable duty. Through a series of progressive and landmark judgments, Indian courts especially the Supreme Court have expanded environmental law by firmly embedding principles such as sustainable development, the polluter-pays principle, the precautionary principle, and absolute liability. Judicial activism has helped fill the gaps created by inadequate legislation and weak enforcement, ensuring that corporations are held responsible for the environmental impact of their actions.

1. Judicial Philosophy and Constitutional Foundation

The Indian judiciary has firmly rooted environmental protection within the Constitution, especially through Article 21, which guarantees the Right to Life. The Supreme Court has consistently interpreted this right to include the right to live in a clean, healthy, and pollution-free environment. The courts have also relied on Articles 48A and 51A(g), which place a duty on the State and on citizens to protect and improve the environment. This constitutional foundation allows the judiciary to hold corporations accountable when their activities harm the environment or endanger public health.

Public Interest Litigation (PIL) has played a key role in this shift. It has enabled citizens and environmental groups to question harmful corporate practices, making environmental justice more accessible and ensuring that community voices are heard in matters affecting ecological

⁴ P. Leelakrishnan, *Environmental Law in India* (6th ed., LexisNexis 2022).

well-being.⁵

2. Landmark Judgments Establishing Corporate Environmental Liability

(a) M.C. Mehta v. Union of India (Oleum Gas Leak Case)

This case is a major milestone in environmental law. The Supreme Court, while dealing with a gas leak from Shriram Food and Fertilizer Industries in Delhi, developed the doctrine of absolute ⁶liability. The Court ruled that any company involved in hazardous or inherently dangerous activities is fully and absolutely liable to compensate for any damage caused regardless of ⁷negligence, fault, or intent. Justice P.N. Bhagwati stressed that the size and capacity of an enterprise must match the level of responsibility it carries. This judgment firmly established that corporations must bear the entire cost of environmental harm caused by their operations, creating a strong deterrent against careless industrial practices.

(b) Vellore Citizens' Welfare Forum v. Union of India, (1996)

In this landmark judgment, the Supreme Court clearly recognized the principles of sustainable development, the precautionary principle, and the polluter-pays principle as essential parts of Indian environmental law. The case dealt with pollution caused by tanneries in Tamil Nadu, where untreated waste was contaminating water bodies and farmland.

The Court ruled that economic growth cannot be pursued at the expense of environmental protection. It stressed that corporations must take responsibility for the environmental costs of their operations, and industries that pollute must pay for restoring ecological balance. This decision firmly established that corporate environmental accountability goes beyond simply following the law it also requires active and responsible environmental management.

(c) Indian Council for Enviro-Legal Action v. Union of India, (1996)

This case strengthened the polluter-pays principle as a binding rule of law. The Court ordered the polluting chemical industries to compensate the affected villagers and clean up the contaminated soil and groundwater. It held that companies involved in hazardous activities are strictly liable for the cost of repairing the environmental damage they cause.

Justice Kuldip Singh emphasized that when an activity is hazardous or inherently dangerous,

⁵ P. Leelakrishnan, *Environmental Law in India* (6th ed., LexisNexis 2022).

M.C. Mehta v. Union of India (Oleum Gas Leak Case), AIR 1987 SC 1086 (India).

⁷ *Vellore Citizens' Welfare Forum v. Union of India*, (1996) 5 SCC 647 (India).

Indian Council for Enviro-Legal Action v. Union of India, (1996) 3 SCC 212 (India).

the person or company carrying it out is responsible for making good any harm caused. This judgment firmly established environmental compensation as an essential part of corporate accountability.

(d) M.C. Mehta v. Kamal Nath, (1997)

In this case, which involved the encroachment of forest land and the diversion of a river by a private company, the Supreme Court applied the public trust doctrine. It held that natural resources belong to the people, and the State acts only as a trustee on their behalf. The Court ruled that the government cannot lease or hand over environmentally sensitive land to private companies for commercial use if doing so violates environmental norms.

This judgment broadened the idea of accountability by making it clear that both the State and corporations are trustees of environmental resources and must act in the public interest.

3. Modern Judicial Trends and Corporate Governance Implications

Over the years, Indian courts have moved beyond simply awarding compensation and have embraced preventive and restorative justice. They have consistently held corporations responsible not only for causing pollution but also for failing to use sustainable technologies or maintain transparent environmental reporting.

The creation of the National Green Tribunal (NGT) under the National Green Tribunal Act, 2010 has further strengthened the enforcement of environmental accountability. The NGT offers specialized decision-making, imposes penalties, and ensures compliance with environmental norms, effectively supporting the work of the judiciary.

Taken together, these developments show how the judiciary has helped embed corporate environmental accountability into governance and business ethics, ensuring that economic progress goes hand-in-hand with ecological sustainability.⁸

PRINCIPLES GOVERNING ENVIRONMENTAL ACCOUNTABILITY

The framework of environmental accountability is built on a set of legal, ethical, and policy-based principles that guide governments and corporations in their duty to protect the

⁸ M.C. Mehta v. Kamal Nath, (1997) 1 SCC 388 (India).
National Green Tribunal Act, No. 19 of 2010, INDIA CODE (2010).

environment. These principles act as the foundation of environmental governance, helping ensure that industrial growth and corporate activities remain aligned with ecological sustainability. In India, these doctrines have been shaped and strengthened through landmark Supreme Court judgments, and they also reflect global environmental standards found in instruments like the Stockholm Declaration (1972), the Rio Declaration (1992), and the Paris Agreement (2015). Together, these principles create the moral and legal basis for corporate environmental accountability, balancing developmental goals with environmental protection and ensuring that companies act as responsible guardians of natural resources.

1. Principle of Sustainable Development

The principle of sustainable development is central to environmental responsibility. It means that economic growth should happen in a way that fulfils today's needs without reducing the ability of future generations to meet their own.

In **Vellore Citizens' Welfare Forum v. Union of India (1996)**, the Supreme Court of India recognized sustainable development as a core part of Indian environmental law. The Court stressed that while industries can grow, this growth cannot come at the cost of environmental balance. By doing so, it aligned economic goals with environmental protection, making sustainability a guiding legal requirement for governments and businesses.

This principle requires companies to consider environmental risks, use resources responsibly, and protect the ecosystem when making decisions. It shifts sustainability from being just a corporate slogan to a genuine responsibility in governance.

2. Precautionary Principle

The precautionary principle promotes taking preventive steps even when full scientific proof of harm is not available. It means that lack of complete evidence should not delay actions that can protect the environment from possible damage.

In **A.P. Pollution Control Board v. Prof. M.V. Nayudu (1999)**, the Supreme Court held that industries must foresee and prevent environmental harm instead of responding only after the damage is done. The Court also placed the responsibility on the developer or polluter to prove

that their activities are environmentally safe.⁹ This principle has become a key part of corporate environmental responsibility, encouraging companies to adopt cleaner technologies and carry out environmental risk assessments before starting any project.

3. Polluter-Pays Principle

The polluter-pays principle states that anyone who causes pollution must bear the cost of managing and repairing the damage. It ensures that environmental costs are built into business operations so that companies take responsibility for the impact of their actions.

In **Indian Council for Enviro-Legal Action v. Union of India (1996)**, the Supreme Court applied this principle by holding industries that caused toxic pollution liable for compensating affected communities and restoring the environment. Likewise, in *Vellore Citizens' Welfare Forum*, the Court stressed that environmental costs should not be shifted onto society.

By making polluters financially accountable, this principle turns environmental harm into a corporate liability, encouraging responsible conduct and discouraging careless practices.

4. Public Trust Doctrine

The public trust doctrine is based on the idea that certain natural resources like air, water, forests, and biodiversity—are held by the State on behalf of all citizens and future generations. This means the State acts as a trustee, not the owner, of these resources.

In **M.C. Mehta v. Kamal Nath (1997)**, the Supreme Court applied this doctrine and held that the government cannot neglect its duty by giving away or misusing natural resources for private benefit. The Court emphasized that these resources must stay accessible to the public and protected to maintain ecological balance.

This principle ensures that corporate use of natural resources is properly regulated and reinforces the State's responsibility to protect environmental interests from private misuse.

⁹ World Commission on Environment and Development (Brundtland Report), *Our Common Future*, U.N. Doc. A/42/427 (1987).

Vellore Citizens' Welfare Forum v. Union of India, (1996) 5 SCC 647 (India).

A.P. Pollution Control Board v. Prof. M.V. Nayudu (1999), 2 SCC 718

5. Principle of Intergenerational Equity

The principle of intergenerational equity stresses that the present generation must use environmental resources responsibly so that future generations inherit a healthy and sustainable planet.¹⁰

In **State of Himachal Pradesh v. Ganesh Wood Products (1995)**, the Court relied on this principle to restrict deforestation, noting that the needs and rights of future generations cannot be sacrificed for present-day economic gains. The ruling expanded corporate responsibility from short-term profit-making to long-term environmental protection.

This principle adds a long-term perspective to accountability, ensuring sustainability not only within industries today but also for generations to come.

6. Principle of Corporate Transparency and Environmental Governance

Transparency is a key part of environmental accountability. Companies are expected to openly share information about their environmental performance and compliance through Environmental, Social, and Governance (ESG) reports and Business Responsibility and Sustainability Reports (BRSR). SEBI has made BRSR reporting mandatory for the top 1,000 listed companies, highlighting the importance of clear environmental disclosures and meaningful engagement with stakeholders. This principle helps prevent greenwashing and ensures that investors, regulators, and the public can accurately evaluate a company's real environmental actions and commitments.

CORPORATE ENVIRONMENT RESPONSIBILITY (CER) AND ESG GOVERNANCE

Corporate Environmental Responsibility (CER) reflects a company's duty to prevent, reduce, and compensate for the environmental impact of its activities. It goes beyond simply following the law and includes proactive steps like using clean technologies, conserving resources, and investing in sustainable innovation. CER has become an essential part of modern business ethics, emphasizing that real business growth must be aligned with environmental protection.

¹⁰ M.C. Mehta v. Kamal Nath, (1997) 1 SCC 388 (India).
State of Himachal Pradesh v. Ganesh Wood Products, (1995) 6 SCC 363 (India).
SEBI, Business Responsibility and Sustainability Reporting (BRSR) Framework, Circular No. SEBI/HO/CFD/CFD-SEC2/P/CIR/2021/562 (May 10, 2021).

In India, this responsibility is supported by Section 135 of the Companies Act, 2013 and the National Guidelines on Responsible Business Conduct (2019), which promote sustainable production and environmental care.¹¹

Environmental, Social, and Governance (ESG) governance provides a structured way to assess companies based on sustainability and ethical behavior rather than profit alone. The “E” covers environmental protection, the “S” relates to social responsibility, and the “G” focuses on ethics and transparency in corporate conduct. Globally, frameworks such as the UN Global Compact (2000), OECD Guidelines (2011), and the Paris Agreement (2015) guide companies in adopting ESG principles. In India, SEBI’s Business Responsibility and Sustainability Reporting (BRSR) Framework (2021) requires top listed companies to disclose their ESG practices, promoting transparency and accountability.

Together, CER and ESG strengthen environmental governance by linking ecological responsibility with business performance. They support environmental due diligence, sustainability reporting, and green innovation. However, issues like greenwashing, weak enforcement, and inconsistent ESG standards still create barriers. To address these challenges, companies must integrate sustainability into their core decision-making, adopt clear and reliable reporting practices, and align their business strategies with long-term environmental goals.

CHALLENGES IN IMPLEMENTATION

1. Weak Enforcement Mechanisms:

Despite having strong environmental laws and important court decisions, enforcement is still uneven. Regulatory bodies often struggle with limited resources, insufficient staff, and bureaucratic delays, which results in weak monitoring and poor compliance with environmental rules.

2. Greenwashing Practices:

Many companies engage in greenwashing, creating a misleading impression of being environmentally responsible through selective information or deceptive marketing. This undermines stakeholder trust and shifts attention away from real sustainability efforts.

¹¹ Companies Act, No. 18 of 2013, § 135, India Code (2013).
Ministry of Corporate Affairs, National Guidelines on Responsible Business Conduct (2019).
UN Global Compact, Ten Principles, U.N. Doc. GC/2010/5 (2000).

3. Lack of Standardized ESG Metrics:

The lack of uniform global standards for Environmental, Social, and Governance (ESG) reporting creates inconsistencies in how corporate sustainability is assessed. With different rating systems and disclosure rules, it becomes difficult to compare companies or verify their actual environmental performance.¹²

4. Economic and Financial Constraints:

For many companies, especially small and medium-sized enterprises (SMEs), the cost of adopting green technologies or sustainable practices is a major challenge. Short-term profit priorities often outweigh long-term environmental goals.

5. Limited Public Awareness and Stakeholder Engagement:

A lack of awareness among consumers, investors, and local communities reduces the external pressure on companies to stay environmentally accountable. Limited public involvement and weak civil society oversight further lessen corporate responsibility.

6. Institutional and Policy Gaps:

In many developing countries, poor coordination between environmental agencies and overlapping responsibilities lead to inefficiency. The lack of a unified policy framework also slows down the effective implementation of corporate environmental responsibilities.

7. Transparency and Reporting Issues:

Many companies still view environmental reporting as a mere formality rather than a genuine tool for accountability. The absence of independent auditing and verification further weakens the credibility of their disclosures.

POLICY RECOMMENDATIONS

1. Strengthening Legal Enforcement:

Environmental laws need strong enforcement to be effective. Regulatory bodies like the CPCB and SPCBs should be given more independence, better funding, and modern technology so they can regularly monitor industries, ensure compliance, and take strict action against violations.¹³

2. Mandatory Sustainability Reporting:

All companies, especially large and listed ones, should be required to report their

¹² Ministry of Corporate Affairs (India), National Guidelines on Responsible Business Conduct (2019).

¹³ Securities and Exchange Board of India (SEBI), Business Responsibility and Sustainability Reporting (BRSR) Framework, Circular No. SEBI/HO/CFD/CFD-SEC2/P/CIR/2021/562 (May 10, 2021).
Rio Declaration on Environment and Development, June 14, 1992, 31 I.L.M. 874.

environmental impact through standardized ESG or BRSR frameworks. These reports must include verified data on emissions, waste management, and resource use, supported by independent audits.

3. Integrating ESG into Corporate Law:

ESG and Corporate Environmental Responsibility should be built into the Companies Act, 2013, so sustainability becomes a legal duty, not just a voluntary choice. Large companies should also be required to form board-level sustainability committees.

4. Incentivizing Green Innovation:

The government should offer tax breaks, subsidies, or low-interest loans to companies investing in renewable energy, pollution-control technology, and sustainable products. This will make green innovation more affordable, especially for SMEs.

5. Capacity Building and Awareness:

There is a need to create more awareness among business leaders, workers, and consumers about environmental responsibility. Training programs, certifications, and public campaigns can promote better corporate practices and help consumers make informed choices.

6. Public Participation and Judicial Oversight:

Encouraging public participation and strengthening Public Interest Litigation (PIL) will improve transparency and accountability. Courts must continue protecting environmental rights under Article 21 and ensuring that companies follow environmental norms.

7. Global Standardization of ESG Metrics:

International cooperation involving organizations like UNEP, OECD, and the World Bank is needed to create a unified global ESG reporting system. This will help standardize disclosures, make cross-country comparisons easier, and support sustainability-focused investments.¹⁴

8. Corporate Governance Reforms:

Environmental performance should be linked to executive pay and board evaluations, ensuring that top leadership is accountable for achieving measurable sustainability goals.

CONCLUSION

Corporate environmental accountability is now a crucial part of modern governance and sustainable development. As businesses play a major role in shaping both the economy and the

¹⁴ S.C. Shastri, Environmental Law (9th ed., Eastern Book Company, 2023).

environment, their responsibility goes beyond earning profits they must also meet ethical, legal, and social duties to protect the environment. Principles like sustainable development, polluter-pays, and the precautionary approach recognized by courts and lawmakers have turned environmental protection into a binding corporate obligation rather than just a moral choice.

The growth of Corporate Environmental Responsibility (CER) and ESG frameworks shows a major shift in how companies operate, moving from basic compliance to active environmental leadership. However, challenges such as weak enforcement, inconsistent ESG standards, and greenwashing continue to limit real accountability. Addressing these issues requires strong coordination between governments, companies, civil society, and international bodies to improve legal systems, standardize sustainability reporting, and promote a culture of environmental responsibility.

The future of corporate environmental accountability depends on making sustainability a central part of business strategy. When companies align economic progress with environmental care, they not only secure long-term success but also support global environmental justice and protect the rights of future generations. A responsible corporate sector guided by transparency, accountability, and ethical governance can become a key partner in achieving sustainable and inclusive development.¹⁵

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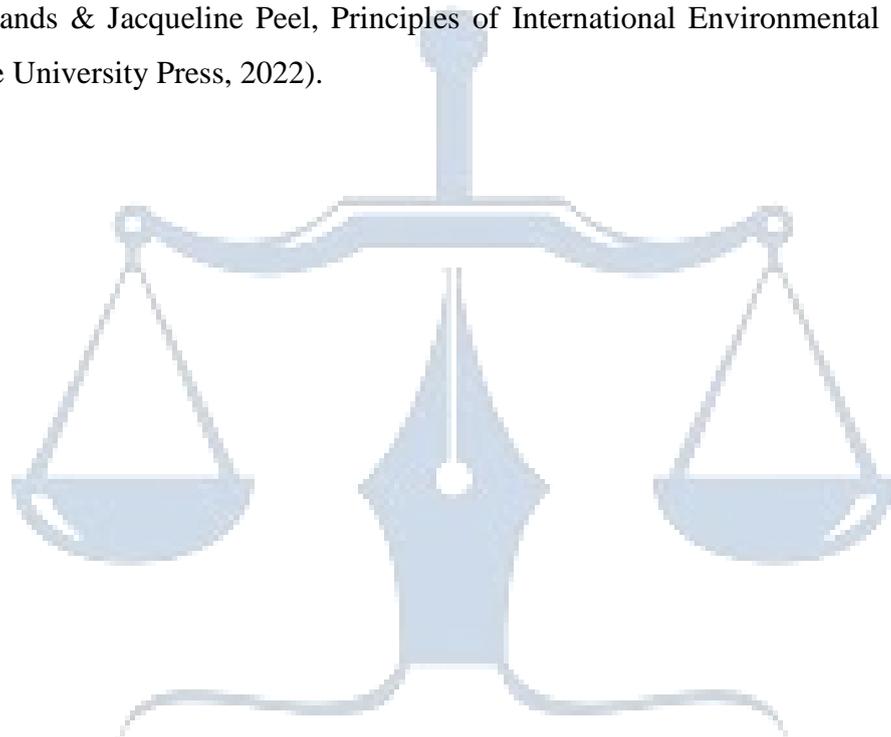
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