

CORPORATE ENVIRONMENTAL RESPONSIBILITY



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WHAT IS CORPORATE ENVIRONMENTAL RESPONSIBILITY (CER)

Corporate Environmental Responsibility (CER), also known as “Green CSR” could be defined as the duty to mitigate the environmental damage that comes from business operations, and find innovative ways to drive positive, environmental change derived from their business operations.

OBJECTIVES OF CORPORATE ENVIRONMENTAL RESPONSIBILITY

- CER, much like Corporate Social Responsibility (CSR), is a self-regulated, voluntary set of operations that a business undertakes.
- CER improves the natural environment and reduces the impact that business operations have on the environment.
- CER also matters as it helps improve a business' outward appearance and increases stakeholder and customer trust.
- 'Green' businesses tend to be viewed more positively by the public.
- Another strategic aspect of CER is that it can help reduce financial penalties, or, on the flip side, a business may receive grants or funding to implement environmental initiatives.

DIFFERENCE BETWEEN CER AND CSR (Indian Perspective)

- CSR spending is mandatory and is profit-linked, where Section 135 of Companies Act, 2013, read with Schedule VII activities is applicable, which states that every company shall spend at least 2% of the average net profits towards social responsibilities.
- CER is based on project cost and not profits made by the proposed project. Hence, CER may be applicable even before the company has started making profits.
- Another major difference between Environmental Clearance (EC) based spending and CSR spending is that there is a wide range of activities which may qualify as CSR. However, the EC enforces these activities to be focused and restricted around village/social development in the areas affected by the project only.
- In that sense, the EC forces the entity to give back to the local area where the company has an environment footprint.

ACTIVITIES CONSIDERED UNDER CER

- Activities enlisted in the EIA-EMP which includes the measures for pollution control, environmental protection and conservation, R&R, wildlife and forest conservation/protection measures including the NPV and Compensatory Afforestation, required, if any, and any other activities, to be derived as part of the EIA process **should not be treated as CER activities.**
- The activities proposed under CER should be worked out based on the issues raised during the Public hearing, social need assessment, R&R plan, EMP, etc. The proposed activities should be restricted to the affected area around the project. The entire activities proposed under the CER should be treated as project and monitored.
- The Company should have a Corporate Environmental Policy (CEP), passed by its Board and updated periodically.

ACTIVITIES CONSIDERED UNDER CER

As per an OM of MoEFFC, Some of the activities which can be carried out in CER, are:

Infrastructure creation for drinking water supply, sanitation, health, education, skill development, roads, cross drains, electrification including solar power, solid waste management facilities, scientific support and awareness to local farmers to increase yield of crop and fodder, rain water harvesting, soil moisture conservation works, avenue plantation, plantation in community areas

Major CER activities considered by the International players are:

- ✓ Climate Action, Reducing GHG emissions/Carbon footprint
- ✓ Biodiversity, Ecosystem conservation & restoration
- ✓ Circular Economy, Recycling, Waste reduction/management, Reducing Packaging Waste
- ✓ Reducing energy use, Using renewable energy providers, Rethinking Lighting
- ✓ Reducing water consumption
- ✓ Reducing plastic consumption
- ✓ Adopting sustainable office and transport policies, Environmentally conscious Construction, Environmental-friendly business practices
- ✓ Improved Supply Chain Efficiency/ Product Sustainability
- ✓ Introducing Innovative Technology
- ✓ Philanthropic Investments

PUBLIC AND NGOs' PERCEPTION ON CER

- NGOs contribute to global environmental governance in different ways by offering knowledge and expertise, moral arguments and new ideas, and by taking action on implementing policies in the role of stakeholders.
- Role of NGOs in CER practice provides a framework that enables NGOs to influence firms to improve environmental performance and increase environmental disclosure.
- NGOs are well positioned to have powerful impact on corporate environmental performance than any other stakeholder.
- And, even if NGOs do not have direct financial relationship with the companies, they can bring an adverse effect on the financial performance of the companies by using confrontational strategies. As a result, they can play influential role in corporate environmental responsibilities practice by mobilizing primary stakeholders to sign petitions, boycott and protest against companies which are recognised as poor environmental performer.

JURISPRUDENCE OF CER

- The philosophy of peaceful co-existence with nature is mentioned in the Indian Constitution. Right to life under article 21 of the Indian constitution contains a right to healthy environment.
- As the corporation uses the resources that belong to society and nature, they should be liable for that and CER is just in exchange of what they use from the society and nature.
- Companies, while implementing sustainability along with the CSR/CER, also need to aim at three objectives of intergenerational equity, intra-generational equity and precautionary principle.
- Intergenerational equity principle focuses on the fact that what we have been inherited by nature is also to be passed on to the next generation in the same form without it being degraded. Whereas the intra-generational equity principle focuses on the concept of fair and equitable distribution of resources where each and every person is an important being on earth and everyone has the equal right to have a pure form of environment. The precautionary principle is about taking calculated risks with the environment and then venturing accordingly and not harming the environment immensely.

CER AND SUSTAINABLE DEVELOPMENT GOALS (SDGs)

SDGs provides an opportunity to create and implement solutions and technologies that address global challenges, helping to link organizational strategies and global priorities. It is therefore important to assess how organizational practices can be developed in order to meet the goals. The SDGs provide an integrated framework for future-oriented Corporate Environment & Social Responsibility (CESR) engagement.

The SDG framework consists of the following 17 Goals and 169 strategies for implementation. All the SDGs are divided into environmental, social, and economic targets.

Goal 1. End poverty in all its forms everywhere

Goal 2. End hunger, achieve food security and improved nutrition and promote sustainable agriculture

Goal 3. Ensure healthy lives and promote well-being for all at all ages

Goal 4. Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all

Goal 5. Achieve gender equality and empower all women and girls

Goal 6. Ensure availability and sustainable management of water and sanitation for all

Goal 7. Ensure access to affordable, reliable, sustainable and modern energy for all

CER AND SUSTAINABLE DEVELOPMENT GOALS (SDGs)

Goal 8. Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

Goal 9. Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation

Goal 10. Reduce inequality within and among countries

Goal 11. Make cities and human settlements inclusive, safe, resilient and sustainable

Goal 12. Ensure sustainable consumption and production patterns

Goal 13. Take urgent action to combat climate change and its impacts

Goal 14. Conserve and sustainably use the oceans, seas and marine resources for sustainable development

Goal 15. Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss

Goal 16. Promote peaceful & inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels

Goal 17. Strengthen the means of implementation and revitalize the global partnership for sustainable development

BEST PRACTICES OF CER : INTERNATIONAL EXAMPLES

- ✓ **Renewable Innovation: Johnson & Johnson** - The company continues to seek renewable energy options with the goal of having 100% of its energy needs from renewable sources by 2025.
- ✓ **Social issues: Google** - They have committed over \$1 billion to renewable energy projects and enable other businesses to reduce their environmental impact through services such as Gmail.
- ✓ **Sustainability: Coca-Cola** - The key areas are climate, packaging and agriculture along with water stewardship. Their message is 'a world without waste', with the aim of collecting and recycling every bottle, making their packaging 100% recyclable and replacing all water used in creating their drinks back to the environment to ensure water security. They aim that by 2030, they will have reduced their carbon footprint by 25%.
- ✓ **Carbon neutral & pay equity: Ford Motor Company** - aims for their vehicles to be carbon neutral by 2050.
- ✓ **Access to healthcare: Pfizer** - through its Global Medical Grants program, Pfizer provided \$5 million to help improve the recognition, diagnosis, treatment and management of patients during the Covid pandemic.
- ✓ **Philanthropic Donations: Wells Fargo** - Wells Fargo donates up to 1.5% of its revenue to charitable causes each year to more than 14,500 nonprofits through philanthropy.

BEST PRACTICES OF CER : INTERNATIONAL EXAMPLES

- ✓ **Climate neutral: Bosch** - Bosch set itself ambitious goals for protecting the environment, with an aim to reduce their ecological footprint through climate action, water usage, and a circular economy. 400 of its locations are now climate neutral. The company now wants to reduce its emissions by 15% in 2030.
- ✓ **Clean technology: GE** - develop their innovations such as an inflatable wind turbine, an intelligent water meter, a cyber secure network infrastructure, and short-circuiting and outage technology.
- ✓ **Sustainability: New Belgium Brewing Company** - Its Fort Collins, Colorado brewery produces its electricity through solar panels & wastewater, aims to have all its beer carbon neutral by 2030. It also gives \$1 of every barrel sold to support their philanthropic initiatives, values and goals.
- ✓ **Local communities: The Walt Disney Company** - Disney committed to reducing its carbon footprint with goals for zero net greenhouse gas emissions, zero waste, and a commitment to conserve water.
- ✓ **Packaging: LEGO** - will invest \$400 million over the next three years with a focus on accelerating its efforts in the area of sustainability. Their primary focus as a modern-day super brand is to phase out single-use plastic packaging for its bricks with all packaging to be sustainable by 2025.

INDIAN COMPANIES WITH BEST PRACTICES OF CER

- ✓ **Infosys** - Infosys offers superior education programs to its citizens, enhancing their IT skills and competency. They are concerned about the prudent use of natural resources.
- ✓ **Mahindra & Mahindra Ltd.** - M&M best affirms its commitment to the welfare of the community, workers, and stakeholders by supporting the advancement of the quality of life, education, and health. The organization collaborates closely with non-profits such as the Naandi Foundation, which provides daily meals to nearly 1.3 million government school children. Naandi also helps small-holder farmers to develop more environmental-friendly farming techniques.
- ✓ **Tata Chemicals Ltd.** - As one of the major CSR/CER companies in India, Tata Chemicals invests INR 12 crores in CSR/CER each year, with wildlife conservation accounting for 30% of its budget. It is investing in biodiversity, natural resource management, and climate change mitigation for increased environmental sustainability.
- ✓ **Reliance Industries** - Its projects include health, education, rural transformation, sports development, disaster relief, arts, culture, heritage, and urban redevelopment.
- ✓ **Hindustan Unilever Limited** - It had a tremendous success rate in water-saving projects as well as prominently addressing health and hygiene concerns at the grassroots level.
- ✓ **Vedanta Limited** - not only promotes agricultural and rural development, but also has a number of other activities concentrating on water, energy, and carbon management. It is increasingly devoted to green mining.

INDIAN COMPANIES WITH BEST PRACTICES OF CER

- ✓ **ITC Ltd.** – its initiatives aimed at societal sustainability. ITC is an emblem of environmental stewardship due to its outstanding environmental criteria in all of its activities, construction of vast forestry and water resources, and renewable energy.
- ✓ **The Bharat Petroleum Corporation Ltd.** - Its long-term commitments span urban, semi-urban, rural, and tribal communities. BPCL's projects include construction and upkeep of toilets, associated sanitation facilities, and Waste Management.
- ✓ **Godrej Consumer Products Ltd.** – its major activities include disease prevention, waste management, and livelihood with a focus on women. GCPL implements community waste management programs based on circular economy ideas.
- ✓ **UltraTech Cement Ltd.** - Their projects are focused on providing educational and healthcare facilities, as well as fostering sustainable livelihood and capacity building.
- ✓ **Grasim Industries Ltd.** - Grasim's CSR/CER projects in India involve the management and operation of hospitals and schools in the neighboring community. The organization offers a child immunization program as well as a prenatal and postnatal care program.
- ✓ **Apollo Tyres Ltd.** – Focusses on environment, Health & Community Development. Preventive healthcare for truck drivers is a unique effort. It maintains 32 healthcare centers in transshipment hubs across 19 states. It has CER projects such as Clean My Transport Nagar, Clean My Village, Sanitation Management, and End of Life Tyre Playgrounds. It also does the conservation of Kannur mangroves in Kerala and afforestation in TN.



Data retrieved from various sources is duly acknowledged