

Guidelines and Standards on Csr-special Emphasis on Environment As Main Stakeholder

Effulgence

Vol. 23, No. 1

January - June 2025

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Abstract

All organization should operate within the framework of the fEarth's ecosphere which makes it in such a way that all decisions and activities invariably affect the environment, regardless of the location of the organization. Negative anthropogenic pressures on the environment are by no means a new problem. However, in today's society, as the human population grows, dangerously reaching the planet's carrying capacity of 10 billion (the amount we can live without negatively impacting the planet's resources or our population), environmental challenges are at the forefront of many concerns. Today, the complex nature of environmental problems is even more prevalent, such as climate change. "Environmental responsibility is a precondition for the survival and prosperity of human beings." It must go hand in hand with social responsibility (ISO 26000 Guidance on SR). To help the organization to remain socially and environmentally responsible various national and international voluntary guidance notes on social, environmental and economic responsibilities are available. Such guidelines include National Guideline on Responsible Business Conduct, Annual Business Responsibility Report, Companies Act-2013, UN Global Compact, ISO 26000, GRI G3.1 Sustainability Reporting Guidelines, GRI 4.1. These guidelines are developed with the objective to provide enlightening guidance to organization, in order to achieve new standards in CSR. This paper analyses all these guidelines that set down the framework to help the organizations in developing their CSR practices with main focus upon Environment and how the organizations should go about implementing the practices developed.

Keywords: CSR, Environment, ISO 26000, NVG, GRI, ABRR.

INTRODUCTION

Over the last twenty year, the focus on sustainability has encouraged thinking about the impacts of business on society and the environment. This idea is very prominent in new frameworks for social responsibility, such as the ISO

26000 Guidance Standard on Social Responsibility and the Global Reporting Initiative framework for sustainability reporting. This broad shift may help explain the turn away from terms like corporate social responsibility towards the simpler idea of accountability and 'corporate responsibility'. To fully meet their social responsibility, enterprises should

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have in place a process to integrate social, environmental, ethical human rights and consumer concerns into their business operations and core strategy in close collaboration with their stakeholders. Drucker, (1954): 'Society is not just the environment of the enterprise. Even the most private of private enterprises is an organ of society and serves a social function.'

GUIDELINES AND STANDARDS

1. National Guidelines on Responsible Business Conduct

The importance of business in the society is well recognized and understood by the whole world. People are getting aware of the fact that business can play a significant role in betterment of the quality of life and in today's complex environment. Ministry of corporate affairs launched the CSR Voluntary guidelines 2009 named as National voluntary guidelines on Social, Environment and Economic Responsibilities of business and further revised it and formulated the National Guidelines on Responsible Business Conduct (NGRBC) in 2019. The guidelines are not prescriptive it is based upon the practices and earlier available evidence and its real life cases of Indian business houses. Its main idea is to motivate the business to use triple bottom line approach of SR so the business financial condition can be harmonized with the society, environment and stakeholder's benefits. Its core idea is to enhance the socially responsibility (SR) practices in India. Adoption of these guidelines into practice will help the business to enhance the competitiveness, profit and better human resource management. Principle 6 is basically concentrated on Environment. "Principle 6. Business do should respect, protect and makes efforts to restore the environment"- This principle states that business should take care about the environment and its various dimensions because it is the first important responsibility of business to take care. This principle explains that environmental sustainability is the top responsibility because it is important for, economic growth and society's benefit

as well. It also explains that environmental issues are very important part of the environment it also encourage business to understand and be accountable for those activities directly or indirectly affect the environment.

2. Companies Act, 2013

Companies Act, 2013 ["Act"] is a legislation which officially embarked on one of the world's largest experiments of introducing the concept of CSR as a mandatory provision. With the introduction of new Act, there is a statutory obligation for the Corporate to take initiatives towards Social, Environmental and Economic Responsibilities. Section 135 of the Act and the Companies (Corporate Social Responsibility Policy) Rules, 2014 ["CSR Rules"] framed thereunder govern CSR in India.

Section 135 of the Companies Act, 2013-Companies having net worth of Rs. 500 crores or more or turnover of Rs. 1,000 crores or more or net profit of Rs. 5 crores or more during any financial year shall constitute a CSR Committee of Board comprising of 3 or more directors, one of whom shall be an independent director. The composition of the committee shall be included in the Board's Report. The Committee shall formulate policy including the activities specified in Schedule VII. The Board shall disclose the content of policy in its report and place on website, if any of the company. The section further provides that the Board shall endeavour to ensure that atleast 2% of average net profits of the company made during three immediately preceding financial years shall be spent on such policy every year. If the company fails to spend such amount the Board shall give in its report.

SCHEDULE VII describes the following activities to be undertaken in respect of protecting and restoring environment by the company in CSR activities:

- (i) ensuring environment sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural

resources and maintaining quality of soil, air and water including contribution to the Clean Ganga Fund setup by the Central Government for rejuvenation of river Ganga;

SEBI Circular on Annual Business Responsibility Report

The security exchange board of India issued the circular named as Business Responsibility Reports for all the stock exchanges on 13 Aug, 2012. In today's world now enterprises are playing important role in the society, they affects society by their activities and practices and also get affected by the society, so they are not only liable to fulfill the obligation regarding shareholder as per revenue and profitability point of view besides this they are also accountable for the all stakeholders and society because it is also one of the main stakeholder. SEBI consider the NVG and importance of larger interest of public disclosure regarding steps taken by listed entities from an Environmental, Social and Governance ("ESG") perspective, the inclusion of business responsibility reports in annual reports

made mandatory for the listened firms who are listed in the various stock exchanges. SEBI has inserted a condition, in Clause 55 which is given in annexure-1, in equity listing agreement. The basic purpose is to insert this clause into the equity listing agreement is to make the good quality and reliability of disclosure by the listed firms and the suggested framework of Business Responsibility Report. Section A in listing agreement ask for the general Information about the Company like name, working location etc, Section B ask for Financial Details of the Company total capital, paid up capital etc. Section C ask for Other Detail like subsidiary company of the existing company, is this company is subsidiary of the other company etc, Section D ask for business responsibility report Information like details of directors who are responsible for BR and governance detail of the firm etc. and last Section E ask about all 9 Principle-wise performance of listing entities. In respect of Environment under Section-D and Section-E : following detailed information is sought from the company, which helps to collect information regarding company's policy in order to save and restore the environment

Principle 6: Business should respect, protect, and make efforts to restore the environment

Section D

1. Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others.
2. Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.
3. Does the company identify and assess potential environmental risks? Y/N
4. Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?
5. Has the company undertaken any other initiatives on –clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.
6. Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?

7. Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.

Section E

1. Businesses should utilize natural and manmade resources in an optimal and responsible manner and ensure the sustainability of resources by reducing, reusing, recycling and managing waste.
2. Businesses should take measures to check and prevent pollution. They should assess the environmental damage and bear the cost of pollution abatement with due regard to public interest.
3. Businesses should ensure that benefits arising out of access and commercialization of biological and other natural resources and associated traditional knowledge are shared equitably.
4. Businesses should continuously seek to improve their environmental performance by adopting cleaner production methods, promoting use of energy efficient and environment friendly technologies and use of renewable energy.
5. Businesses should develop Environment Management Systems (EMS) and contingency plans and processes that help them in preventing, mitigating and controlling environmental damages and disasters, which may be caused due to their operations or that of a member of its value chain.
6. Businesses should report their environmental performance, including the assessment of potential environmental risks associated with their operations, to the stakeholders in a fair and transparent manner.
7. Businesses should proactively persuade and support its value chain to adopt this principle.

ISO 26000 Guidelines for social responsibility

International organization for standardization is the world's leading developer of international standards. The standards are designed by ISO to be implemented worldwide. It was established in 1926 and its secretariat is situated in Geneva, Switzerland. ISO launched the ISO 26000 Voluntary guidance on social responsibility in 2010. The guideline is prepared by ISO and technical member working group on social responsibility. Guideline is meant for all types of organizations and their size and location also does not matter. The standards were developed by using a multi stakeholder approach which means the advice of experts from 90 countries and 40 international or broadly based regional organization involved in it. The guideline is aimed to help The organization to operate in a socially responsible manner and also meet the need of the society. The ISO 26000 contains the guidelines so there is no requirement of certification like other standards. There are seven core subjects of social responsibility,

all interconnected but each providing a divergent range of issues. These subjects are: organizational governance human rights labor practices the environment fair operating practices consumer issues community involvement and development while these are each serious issues in their own right, they are all dependent on the environment. as stated in Guidance on social responsibility, Section 6.5 is devoted to addressing the environment and environmental issues and challenges, specifically “the depletion of natural resources, pollution, climate change, destruction of habitats, loss of species, the collapse of whole ecosystems and the degradation of urban and rural human settlements.” For all of these, the international standard calls for organizations to respect and promote environmental responsibility, precaution in executing activities that may inflict irreversible damage onto the ecosystem, environmental risk management, and a polluter pays principle. Polluter pays refers to the idea that the organization should bear the cost of the pollution

resulting from its activities. It is stated in the guidance that "rising temperatures, changes in rainfall patterns, more frequent occurrences of extreme weather events, rising sea levels, worsening water scarcity, and changes to ecosystems, agriculture and fisheries." To remain socially and environmentally responsible, organizations should identify their sources of greenhouse gas (GHG) emissions, whether direct or indirect, and optimize their reduction. By addressing the means of pollution at their source, organizations can limit their contribution to a multitude of environmental issues.

OECD Guidelines

The OECD is an international inter government economic organization of 34 countries founded in 1961 to stimulate economic progress in the world. It has long standing governmental co-operation and it provides a broader framework for International investment and address a wide range of issues namely (1) Accountability (2) Business conduct (3) Community involvement (4) corporate governance (5) environment (6) Human Rights (7) consumers' protection and (8) labor relations. It is highly focused at activities within individual adhering countries and their affects depend mainly upon on that on the 33 adhering countries, National contact points (Government).

UN Global compact

It is first purposed by the UN. Secretary Kofi Annan in 1999, in the form of 10 principles & now promoting and endorsing by the different UN secretariats and companies. In these 10 Principles, Environment related principles are as follows:- Principle 7: Businesses should support a precautionary approach to environmental challenges; Principle 8: undertake initiatives to promote greater environmental responsibility; and Principle 9: encourage the development and diffusion of environmentally-friendly technologies. UN global compact addresses 6 of the 8 broader

issues and areas of business ethics. For ensuring and safe guarding the sustainable growth, business are asked to contribute to the effectiveness of Global compact by (a) taking lead in corporate Citizenship. (b). Embracing & enacting the principals of the global compact. (c). Working with UN agencies. (4). Advocating a strong UN and It also seek the endorsement components. Since the Global compact was launched in 1999, a number of more detailed and comprehensive guidelines have come into being which incorporate the ten GC principles. Therefore, If we follows ISO 26000, IISD Guide, AA1000 and GRI.3 then adherence of GC separately is not required as these instruments incorporates the GC ten principles as well.

Global Reporting initiative

The GRI is a non-profit organization that promotes economic and developed by a broad alliance of diverse organizations & partially funded by the U.N Environment program. It produces one of the world's most prevalent standards for sustainability reporting also known as ecological footprint reporting, environmental social governance and triple bottom line reporting and corporate social responsibility reporting. GRI seeks to make sustainability reporting by all organizations as routine as, and comparable to, financial reporting. It requires the self initiative of the companies for endorsing principles. The GRI is one of the most comprehensive documents which guide organization on how to report their CSR activities. It can be used as a supplementary tool by companies which are implementing NVG in India.

Global Reporting Initiative G3.1 Sustainability Reporting Framework

Global Reporting Initiative (GRI) is a nonprofit organization that helps organizations, businesses, and governments to understand and communicate the impact of business on grave sustainability issues such as environmental degradation issues like global warming, Green House Gas emission climate

change, social issues like human rights, and governance issues like corruption and many others. It has initiated sustainability reporting since the late 90s, now adopted by an increasing number of organizations globally. GRI's guidelines and reporting framework consists economic, social and environmental sustainability and accounting in a transparent manner. The organization provides the most extensively used standards on sustainability reporting and disclosure, facilitating businesses, governments, civil society and citizens to make better decisions based on information that matters. The vision of the organization is to build a future where sustainability is essential to every organization's decision making process. Its mission is to give power to decision makers universally, through its sustainability standards and multi-

stakeholder network, to take action towards a more sustainable economy and world. Using this as a standard of measuring and reporting sustainability performance provides transparent and accountable disclosures and hence helps increase the stakeholders' confidence. (G3.1 Sustainability Reporting Guidelines, 2011). In GRI Environment Indicators has taken as performance indicators: The results or effects of the sustainability practices are measured by the indicators and Environment is one of the most important: The impact of the policies on the nature surrounding the organization is stated. It includes the consumption of energy, water, other non-renewable sources and the wastes and emissions resulting out of these practices.

ISO 26000 and GRI 3.1: Alignment of ISO 26000

And GRI 3.1 (special context to Environment)

Relevant GRI Guidelines Disclosures - Disclosure on Management Approach (DMA) or Performance Indicators		ISO 26000 Core Social Responsibility Subjects & Themes	ISO 26000 Clauses
Environmental Category			
Environment	Goals and Performance	Organizational governance	6.2
Disclosures on	Policy	The Environment	6.5
Management	Organizational Responsibility		
Approach	Training and Awareness		
	Monitoring and Follow-up		
	Additional Contextual Information		
Aspect	Materials		
EN1	Materials used by weight or volume.	The Environment	6.5
		Sustainable resource use	6.5.4
EN2	Percentage of materials used that are recycled	The Environment	6.5
	input materials.	Sustainable resource use	6.5.4
EN3	Direct energy consumption by primary energy	The Environment	6.5
	source.	Sustainable resource use	6.5.4
Aspect	Energy		
EN4	Indirect energy consumption by primary source.	The Environment	6.5
		Sustainable resource use	6.5.4
EN5	Energy saved due to conservation and efficiency	The Environment	6.5

	improvements.	Sustainable resource use	6.5.4
EN6	Initiatives to provide energy-efficient or renewable	The Environment	6.5
	energy based products and services, and reductions in energy requirements as a result of these initiatives.	Sustainable resource use	6.5.4
EN7	Initiatives to reduce indirect energy consumption	The Environment	6.5
	and reductions achieved.	Sustainable resource use	6.5.4
Aspect	Water		
EN8	Total water withdrawal by source.	The Environment	6.5
		Sustainable resource use	6.5.4
EN9	Water sources significantly affected by withdrawal	The Environment	6.5
	of water.	Sustainable resource use	6.5.4
EN10	Percentage and total volume of water recycled and	The Environment	6.5
	reused.	Sustainable resource use	6.5.4
Aspect	Biodiversity		
EN11	Location and size of land owned, leased, managed	The Environment	6.5
	in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	Protection of the environment & biodiversity, and restoration of natural habitats	6.5.6
EN12	Description of significant impacts of activities,	The Environment	6.5
	products, and services on biodiversity in protected	Protection of the environment & biodiversity, and restoration of natural habitats	6.5.6
	areas and areas of high biodiversity value outside protected areas.		
EN13	Habitats protected or restored.	The Environment	6.5
		Protection of the environment & biodiversity, and restoration of natural habitats	6.5.6
EN14	Strategies, current actions, and future plans for	The Environment	6.5
	managing impacts on biodiversity.	Protection of the environment & biodiversity, and restoration of natural habitats	6.5.6
		Community involvement	6.8.3
EN15	Number of IUCN Red List species and national	The Environment	6.5

	conservation list species with habitats in areas	Protection of the environment &	6.5.6
	affected by operations, by level of extinction risk.	biodiversity, and restoration of natural habitats	
Aspect	Emissions, Effluents and Waste		
EN16	Total direct and indirect greenhouse gas emissions	The Environment	6.5
	by weight.	Climate change mitigation and action	6.5.5
EN17	Other relevant indirect greenhouse gas emissions		
	by weight.		
EN18	Initiatives to reduce greenhouse gas emissions and		
	reductions achieved.		
EN19	Emissions of ozone-depleting substances by	The Environment	6.5
	weight.	Prevention of pollution	6.5.3
EN20	NO _x , SO _x , and other significant air emissions by		
	type and weight.		
EN21	Total water discharge by quality and destination.		
EN22	Total weight of waste by type and disposal		
	method.		
EN23	Total number and volume of significant spills.		
EN24	Weight of transported, imported, exported, or		
	treated waste deemed hazardous under the terms		
	of the Basel Convention Annex I, II, III, and VIII,		
	and percentage of transported waste shipped		
	internationally.		
EN25	Identity, size, protected status, and biodiversity	The Environment	6.5
	value of water bodies and related habitats	Prevention of pollution	6.5.3
	significantly affected by the reporting	Sustainable resource use	6.5.4
	organization's discharges of water and runoff.	Protection of the environment &	6.5.6
		biodiversity, and restoration of natural	
		habitats	
Aspect	Products and Services		
EN26	Initiatives to mitigate environmental impacts	The Environment	6.5

	of products and services, and extent of impact mitigation.	Sustainable resource use	6.5.4
		Promoting social responsibility in the value chain	6.6.6
		Sustainable consumption	6.7.5
EN27	Percentage of products sold and their packaging materials that are reclaimed by category.	The Environment	6.5
		Prevention of pollution	6.5.3
		Sustainable resource use	6.5.4
		Sustainable consumption	6.7.5
Aspect	Compliance		
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	The Environment	6.5
Aspect	Transport		
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.	The Environment	6.5
		Sustainable resource use	6.5.4
		Promoting social responsibility in the value chain	6.6.6
Aspect	Overall		
EN30	Total environmental protection expenditures and investments by type.	The Environment	6.5

GRI 4

Global Reporting Initiative (GRI) 4 Sustainability Reporting Guidelines was launched at Amsterdam in May. The updated version, known as the GRI G4, and represents the fourth generation of the reporting framework. The G3.1 guidelines were published in March 2011 as a complete output of its predecessor, the G3 Guidelines. The GRI Sustainability Reporting Guidelines are reviewed time to time to provide the most first-rate guidance for valuable sustainability reporting. This improvised generation of GRI Guidelines G4 - will deal with requirements for sustainability data and facilitate reporters to provide relevant information to various stakeholder groups. The fundamental features of this guideline are accessibility and comparability, to provide better information to the stakeholder in order to take best

decisions. It attempts to aid reporters despite of their size, sector or location in order to prepare and organize sustainability reports that contain most important information about the organization's noteworthy sustainability-related issues, and make such sustainability reporting standard practice. The guideline has an increased prominence on the need for organizations to center the reporting process and final report on those topics that are material to their business and their key stakeholders. This material characteristic will make reports more significant, more realistic and more accessible and it will facilitate organizations to better inform markets and the public on sustainability issues. The materiality notion will only focus on the grave issues which help to attain the organization's goals and administer its impact on society. The G4 guidelines are also improvised on content ground from G3 and G3.1.

With stronger technical definitions and improved clarity, it is helping reporters, information users and assurance providers. Guidelines are developed by a worldwide multi-stakeholder process involving representatives from business, labor, civil society, and financial markets, as well as auditors and experts in various fields and in close dialogue with regulators and governmental agencies in several countries. The Guidelines are developed in association with internationally recognized reporting related documents. The Guidelines are presented in two parts: 1. Reporting Principles and Standard Disclosures. 2. Implementation Manual. In GRI 4.1 Environment has taken as main indicator with following aspects:- Materials, Energy, Water, Biodiversity, Emissions, Effluents and Waste, Products and Services, Compliance, Transport, Overall, Supplier Environmental Assessment, Environmental Grievance Mechanisms.

CONCLUSION

The national and international guidelines reviewed in the paper suggest the basic code of conduct, through which organizations can attain the objectives of social responsibility towards its environment. ISO-26000 Guideline on social responsibility is an excellent tool in this area; it provides wide explanatory knowledge in the form of core principles as The environment,. This guideline explains Environment as an important core subject in a very explicit manner. ISO-26000 is one of the best available guidelines on Social Responsibility internationally. Global Reporting Initiative G3.1 Sustainability Reporting Framework and GRI 4.1 is another detailed guideline available globally. it has taken Environment as a main performance indicator and focuses upon the aspects related to it such as material procurement, water, bio-diversity, emissions, effluents and waster, product and services etc. Which are the needs of the hour in order to save and restore environment. Indian Government also took CSR framework approach seriously and launched the National Voluntary Guidelines in 2011. In which principle 6 is devoted to the Environment

but It is noted here that the principle six on Environment is not adequately elaborated. These National Guidelines only elaborate the principle which business are expected to address their CSR practice. To that extent NVG are not a self-contained code to manage CSR. Therefore, companies expected to implement NVGs are well advised to also take guidance from ISO 26000, GRI 3 and GRI 4.1 in context of Environment as main stakeholder of CSR which have also been discussed in the former sections. These guidelines were framed to help each type of organization in implementation of Environmentally Social Responsible practices in their business. But overall the ISO-26000 and GRI guideline contains the most useable knowledge and information because they gather the contribution of each type of stakeholder on the other hand NVG was developed on the basis of available business examples and there was little involvement of stakeholder in its elaboration. The NVG is a tool that provides guidance on 9 core principles for CSR activities. However, it doesn't provide practical guidance on creating practices to save and restore Environment, in CSR planning and implementation. Therefore, it will be useful For Indian companies to use ISO-26000, and GRI. Framework as supplementary tools for implementation and report CSR based on National Voluntary Guideline (NVG).

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