

## CORPORATE SOCIAL RESPONSIBILITY: GUIDELINES UNDER INTERNATIONAL LAW

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### *Introduction*

Corporate Social Responsibility (CSR) is the obligation of the Corporate Enterprises more particularly towards their workforce, customers, creditors and the society in general. The philanthropic activities taken up by the Companies were considered as Corporate Social Responsibilities. There is no commonly accepted definition of Corporate Social Responsibility. The CSR rests on the foundation that the corporate entities are responsible not only to their share holders but also to all the stake holders to ensure sustainable development.

The Corporate Social Responsibility of the Multi-National Enterprises (MNEs) encompass welfare of workforce, their right to organise, their right to collective bargaining; alleviation of poverty; improvement of literacy

and education; combating hunger and poverty; health; sanitation; drinking water; fight against corruption; devotion to fair trade practices; clean and safe environment; relief work in natural calamities, prevention of disasters through safety measures; contribution to relief fund; concern for the people and habitat around the area of their operation; *etc.*

The Multi-National Companies (MNCs) or the Multi-National Enterprises (MNEs) have a global presence. They are emerging as International Legal persona. It is a known fact that the annual turnover of many of the MNCs is more than the Gross Domestic Product of the smaller nations and less developed countries. The following information in the statements will describe the strength of the MNEs and the weakness of the poor nations.

### *World's Biggest Companies 2014<sup>1</sup>*

Values calculated May 2014 in Billion US \$

Rank	Company	Country	Sales	Profits	Assets	Market Value
1.	ICBM	China	166.8	44.8	3,322	278.3
2.	China Construction Bank	China	130.5	37	2,698.9	212.9
3.	Agri Bank of China	China	129.2	29.1	2,574.8	189.9
4.	Bank of China	China	120.3	27.5	2,458.3	199.1
5.	Berkshire Hathaway	United States	194.7	19.9	534.6	354.8
6.	JP Morgan Chase	United States	97.8	21.2	2,593.6	225.5
7.	Exxon Mobile	United States	376.2	32.5	349.5	357.1
8.	Petro China	China	33.4	17.4	387.7	334.6
9.	General Electric	United States	148.5	15.2	648.3	253.5
10.	Wells Fargo	United States	90.4	23.1	1,701.4	278.3
11.	Toyota Motor	Japan	252.2	19.1	389.7	239
12.	Apple	United States	199.4	44.5	261.9	741.8

1. World's Biggest Public Companies, FORBES, <http://www.forbes.com/global2000> (June 23, 2015, 11.10 p.m.)

13.	Royal Dutch Shell	Netherlands	420.4	14.9	353.1	195.4
14.	Volkswagen Group	Germany	268.5	14.4	425	126
15.	HSBC Holdings	U.K.	81.1	13.5	2,634.1	167.7
16.	Chevron	United States	191.8	19.2	266	201
17.	Wal-Mart Stores	United States	485.7	16.4	203.7	261.3
18.	Samsung Electronics	South Korea	195.9	21.9	209.6	199.4
19.	China Mobile	China	104.1	17.7	209	271.5

The World Bank in its database about Development Indicators of various countries published on 16<sup>th</sup> December 2014 provides the following grin picture of the poor Nations. According to this Report<sup>2</sup> the Gross Domestic Product of the poor Nations is as under:

S.No.	Name of the Country	Gross Domestic Product
1.	Grenada	0.836 (Billion US \$)
2.	Gambia,	0.903 (Billion US \$)
3.	Guinea-Bissau	0.961 (Billion US \$)
4.	Solomon Islands	1.096 (Billion US \$)
5.	Antigua and Barbuda	1.201 (Billion US \$)
6.	Timor-Leste	1.270 (Billion US \$)
7.	St. Lucia	1.336 (Billion US \$)
8.	Seychelles	1.443 (Billion US \$)
9.	Djibouti	1.456 (Billion US \$)
10.	Central African Republic	1.538 (Billion US \$)
11.	Belize	1.624 (Billion US \$)
12.	Bhutan	1.781 (Billion US \$)
13.	Cape Verde	1.879 (Billion US \$)
14.	Liberia	1.951 (Billion US \$)
15.	Maldives	2.300 (Billion US \$)
16.	Lesotho	2.335 (Billion US \$)
17.	Aruba	2.584 (Billion US \$)
18.	Burundi	2.715 (Billion US \$)
19.	Guyana	2.990 (Billion US \$)

The above tabular information about the worth of the MNEs as compared to the lesser developed nations. The annual profit of the world's biggest companies is around ten times more that the Gross Domestic Product of the poor nations.

The MNCs have greater social responsibility to contribute towards sustainable development. The International Law pertaining

to Corporate Social Responsibility traverses mainly the declarations and the guidelines issued by the United Nations and International Bodies, prominent among them are:

1. The Universal Declaration of Human Rights
2. ILO Declarations
3. Guidelines of UN Agencies to MNEs
4. UN Policies and Goals

2. World Bank development indicators, Dec, 2014

These instruments of International Law pertaining to Corporate Social Responsibility are discussed in the following paragraphs.

### ***Universal Declaration of Human Right 1948***

The United Nations adopted the Universal Declaration of Human Rights on 10th December 1948 in Paris. It is the first Global Document which recognises the Rights that the Human Beings are inherently entitled to. It has 30 Articles which have been elaborately discussed and interpreted in the subsequent Treaties, Covenants and Declarations. The International Bill of Human Rights consists of Universal Declaration of Human Rights, International Covenant on Economic Social and Cultural Rights and the International Covenant on Civil and Political Right. The Universal Declaration of Human Rights are often reiterated and quoted in the context of Corporate Social Responsibility in the reports of United Nations and its agencies. The special representative of United Nations Secretary General in his report on the issue of human rights and transnational corporations and other business enterprises dated 9th February 2007 discusses Corporate Responsibility and accountability for international crimes and Corporate Responsibility for other human rights violations under international law. It states that corporations are increasingly recognized as “participants” at the international level, with the capacity to bear some rights and duties under international law. As noted, they have certain rights under bilateral investment treaties; they are also subject to duties under several civil liability conventions dealing with environmental pollution.

At national levels, there is enormous diversity in the scope and content of corporate legal responsibilities regarding human rights. A systematic mapping would require a comprehensive country-by-country study not only of the direct applicability of international law, but also of a range of relevant national measures; constitutional

protections of human rights, legislative provisions, administrative mechanisms, and case law. However, preliminary research has not identified the emergence of uniform and consistent state practices establishing corporate responsibilities under customary international law.

The traditional view of international human rights instruments is that they impose only “indirect” responsibilities on corporations – responsibilities provided under domestic law in accordance with states’ international obligations. In contrast, some observers hold that these instruments already impose direct legal responsibilities on corporations but merely lack direct accountability mechanisms. For example, the UN Sub-Commission on the Promotion and Protection of Human Rights, explaining that its proposed Norms “reflect” and “restate” existing international law, attributed the entire spectrum of state duties under the treaties – to respect, protect, promote, and fulfil rights – to corporations within their “spheres of influence.”

The UDHR occupies a unique place in the international normative order. Its preamble proclaims that “every individual and every organ of society...shall strive by teaching and education, to promote respect for these rights and freedoms and by progressive measures, national and international, to secure their universal and effective recognition and observance.” In Professor *Louis Henkin’s* famous words: “Every individual includes juridical persons and every organ of society excludes no one, no company, no market, no cyberspace. The Universal Declaration applies to them all.” Many UDHR provisions have entered customary international law. Most of its provisions have also been incorporated in the Covenants and other UN human rights treaties. Do these instruments establish direct legal responsibilities for corporations? Several of them include preambular, and therefore non-binding, recognition that individuals have duties to others. But the

operational paragraphs do not address the issue explicitly<sup>3</sup>.

### **ILO Declarations**

The International Labour Organisation is one of the prominent agencies of UNO. It is the only agency of UNO which has Tripartite Representation of the Officials of Member Countries, Employers and Labour/Workers. The ILO has taken initiatives to address the issues of Industrial Pollution, Health, Literacy, Poverty *etc.*, to be carried out by the MNEs as their Corporate Social Responsibility. In the year 1998 the ILO adopted a Declaration on Fundamental Principles on Rights at Work.

### ***ILO Tripartite Declaration of Principles Concerning MNEs***

In the year 1977 the International Labour Organisation took the initiative for Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy. The main aim of this declaration was to have guiding principles in the areas of Employment and Training, working condition of Labour, Industrial Relations *etc.* It envisages obedience to the Laws of the Nation where the MNEs are operating and respect for the International Standards. The MNEs shall be determined to provide equality of opportunity & treatment in employment and ensure security of employment, health and safety of workforce. The employees shall be given the freedom to organise and liberty for collective bargaining.

In the year 2000 this declaration was revised to include rights of Labour at work. Again the year 2006 it was further revised with reference to the instruments of ILO and the conventions were extended for ratification by the member countries. The ILO constituted

a Committee of its Governing Body to study and examine its policies towards Corporate Social Responsibility. The Governing Body of ILO in its 97th session in 2008 proposed to have universal ratification of its fundamental conventions by 2015<sup>4</sup>.

It may not be out of place to mention here that India has ratified 4 out of 8 fundamental conventions of International Labour Organisation<sup>5</sup>.

### ***The ILO Declaration on Principles on Rights at Work 1998***

The Declaration on Fundamental Principles and Rights at Work was adopted in 1998, at the 86th International Labour Conference. The Declaration requires ILO Member States to respect, promote and realize the following four fundamental principles:

- *Freedom of association and recognition of the right to collective bargaining*
- *The elimination of all forms of forced or compulsory labour*
- *The effective abolition of child labour*
- *The elimination of discrimination in respect of employment and occupation*

The ILO Conventions recognise right to freedom of association, the right to organize, right to effective collective bargaining and freedom from forced labour. ILO conventions are binding on all countries that have ratified them.

Though this Declaration applies only to those member States which ratify them, the Declaration is relevant to all member States by virtue of their membership and obligations towards the ILO. Therefore it has a potential for political commitment by

3. "Business and Human Rights: Mapping International Standards of Responsibility and Accountability for Corporate Acts" 2007, Report of Special Representative of UN Secretary General (March 30, 2015 10.00 a.m.)

4. Decent Work Some Strategic Challenges Ahead, Report of the Director-General ILO on 97th Session 2008.

5. Ratification statement of protocols and conventions by Countries, ILO, (June 24, 2015, 10.30 a.m.) <http://www.ilo.org/dyn>

governments to respect, promote and realize the principles of this Declarations.

The ILO Declaration on Fundamental Principles and Rights at Work has taken on a new importance for enterprises in recent years. Though primarily addressed to member States, the Declaration has increasingly become a reference in the context of corporate social responsibility (“CSR”) and international framework agreements<sup>6</sup>.

The Declaration should not be employed as another supervisory or enforcement mechanism. The ILO already has very well developed supervisory machinery and the Declaration was never intended to derogate from, or to add to, this machinery. To do so would result in double-scrutiny, such that multiple avenues would be pursued against governments for alleged actions or inactions arising from the same or similar set of facts<sup>7</sup>.

So far 129 countries have ratified this declaration. The follow up report presents encouraging results. The report says: “This year again, all the 47 reporting Governments have fulfilled their reporting obligations, resulting in a 100 per cent reporting rate for the third consecutive year, including first general reports by Palau. The participation of employers’ and workers’ organizations has again increased considerably. Although a higher number of States have stated or confirmed their intention to ratify the fundamental conventions, only ten new ratifications of fundamental Conventions were registered in 2013”<sup>8</sup>.

It is a statement made by the International Labour Organisation that all Members, even if they have not ratified

the conventions in question, have an obligation arising from the very fact of membership in the Organization to respect, to promote and to realize, in good faith and in accordance with the Constitution, the principles concerning the fundamental rights which are the subject of those conventions.

### *Guidelines of UN Agencies to the MNEs*

Apart from the International Labour Organisation the United Nations and its agencies such as Organisation for Economic Co-operation and Development (OECD), Economic and Social Council, (ECOSOC), have issued guidelines through various instruments towards social development, sustainable development, environment protection *etc.*, prominent among them are OECD Guidelines for Multinational Enterprises, Copenhagen Declaration for Social Development 1995, and Johannesburg Declaration on Sustainable Development 2002.

### *OECD Guidelines for Multinational Enterprises*

The Organisation for Economic Co-operation and Development initiated the guidelines for Multinational Enterprises which were subscribed by all the members of this organisation. These guidelines have gained prominence and importance. Many non member countries have ascribed their adherence to these guidelines. The Security Council of UNO has also referenced to these guidelines. Presently the following countries are adhering to these guidelines- Argentina, Australia, Austria, Belgium, Brazil, Canada, Chile, Colombia, Costa Rica, Czech Republic, Denmark, Egypt, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Israel, Italy, Japan, Jordan, Korea, Latvia, Lithuania, Luxembourg, Mexico, Morocco, Netherlands, New Zealand, Norway, Peru, Poland, Portugal, Romania, Slovak, Republic Slovenia, Spain, Sweden, Switzerland, Tunisia, Turkey, United Kingdom, United States and European

6. Declaration on Fundamental Principles and Rights at Work, ILO, Position Paper, International Organisation of Employers (June 24, 2015, 11.30 a.m.) <http://www.wilsoncenter.org>

7. Ibid

8. ILO Declaration on Fundamental Principles on Rights at Work, Review Report 2014, (June 24, 2015, 01.00 p.m.) <http://www.ilo.org/wcmsp5/groups/public/relconf/documents/meeting>

Union (Observer). These Countries have attracted 62% of the Global Foreign Investment<sup>9</sup>. These guidelines not only provide a strategy of investment to the OECD member countries but also provide a course of action in respect of Corporate Social Responsibility which the Multinational Enterprises and the Domestic Enterprises are expected to follow. The voluntary recommendations to be followed by corporate citizens include Employment and Training, Women's Rights, Environment Protection, Industrial Relations, Anti Corruptions Measures, Interest of Consumers, Healthy Competition, Taxation *etc.* However these guidelines do not provide a compliance mechanism or evaluation by any national or international agency. However a Global Forum for Responsible Business is emerging.

### ***Copenhagen Declaration for Social Development 1995***

A World Summit was convened in March 1995 in Copenhagen which was at that time considered largest ever gathering of World Leaders. The World Leaders in this summit adopted a declaration for Social Development. ECOSOC is the agency in-charge of the follow up action of this summit. This Summit pledged to make the conquest of poverty, the goal of full employment and the fostering of social integration as overriding objectives of development. Five years on, they reconvened in Geneva in June 2000, to review what has been achieved, and to commit themselves to new initiatives<sup>10</sup>.

The leaders agreed that the Social Development should be people centric and adopted ten points for Social Development which are regarded as Ten Commandments. These points for development are desired to be followed by the Nations and the

Corporate Citizens across the Globe. The ten points are as follows:

1. Create an environment that will enable people to achieve social development;
2. Eradicate absolute poverty by a target date to be set by each country;
3. Support full employment as a basic policy goal;
4. Promote social integration based on protection of all human rights;
5. Achieve equality and equity between women and men;
6. Attain universal and equitable access to education and primary health care;
7. Accelerate the development of Africa and the least developed countries;
8. Ensure that structural adjustment programmes include social development goals;
9. Increase resources allocated to social development;
10. Strengthen cooperation for social development through the UN.

The MNE Guidelines designed by Organisation for Economic Co-operation and Development makes a reference to the Copenhagen Declaration.

### ***The Johannesburg Declaration on Sustainable Development 2002***

The Johannesburg Declaration on Sustainable Development was adopted at the World Summit on Sustainable Development (WSSD). It is also referred to as Earth Summit 2002. The Declaration commits all nations to build a humane and equitable global society, to uphold human dignity. It brought together the heads of the Governments, leaders of business and non Government organisations. It involves inter-governmental agencies, non-state entities, multi-stakeholders to achieve sustainable development<sup>11</sup>.

9. Guidelines for Multinational Enterprises, [www.oecd.org/](http://www.oecd.org/) (March 23, 2015, 11.30 a.m.)

10. World Summit for Social Development Copenhagen, 1995- <http://www.un.org/esa/socdev/>, March 23, 2015, 05.00 p.m.

11. World Summit on Sustainable Development, UN Report, 2002. (April 14, 2015 04.00 p.m.)

The Johannesburg Declaration is the result of earlier declarations made at the United Nations Conference on the Human Environment at Stockholm in the year 1972 and the Earth Summit in Rio De Janeiro in the year 1992. This declaration calls upon the Nations towards Sustainable Development. It attempts to address the issues such as hunger, malnutrition, armed conflict, illicit drug problems, organized crime, corruption, natural disasters, illicit arms trafficking, human trafficking, terrorism, intolerance and incitement to racial, ethnic, religious and other hatreds, xenophobia and endemic, communicable and chronic diseases.

### ***UN Policies and Goals***

United Nation have adopted policies and goals under various Conventions and Summits such as Global Compact, Millennium Development Goals 2000, UN Convention against Corruption 2003, World Summit 2005, considering that business establishments are the dynamic partners of globalisation and being dynamic partners they should follow business ethics.

### ***United Nation Global Compact***

The United Nation Global Compact is the policy initiated by the United Nations towards the enterprises that are committed to aligning their operations and strategies with ten universally accepted principles in the areas of Human Rights, Labour, Environment and Anti-Corruption. In this way, business, as a primary driver of globalization, can help ensure that markets, commerce, technology and finance advance in many ways that benefit economies and societies everywhere. The UN Global Compact was announced by then UN Secretary-General *Kofi Annan* in an address at World Economic Forum on January 31, 1999. It was officially declared in New York at UN Headquarters, on July 26, 2000. Mr. *Ban Ki-Moon* the Secretary General UN said that “the Global Compact asks companies to embrace universal principles and to partner with the United Nations. It

has grown to become a critical platform for the UN to engage effectively with enlightened global business”<sup>12</sup>. Mr. *Kofi Annan* the then Secretary General of United Nations announced the ten principles of Global Compact initiative on June 24th 2004 during the first Global Compact leaders Summit. President *Luis Inácio Lula da Silva* of Brazil delivered the keynote luncheon address. He said “To fight for a fairer world is the duty of all: Governments, businessmen and civil society. At stake here is the world we want to build.”<sup>13</sup> The Principles of Global Compact Initiative hinge on the four areas such as Human Rights, Labour Standards, Environment and Anti-Corruption.

The Principles of Global Compact initiative are derived from the Universal Declaration of Human Rights 1948, ILO Declaration on Fundamental Principles and Right at Work 1998, the Rio Declaration on Environment and Development 1992.

### ***Millennium Development Goals 2000***

The United Nations convened a Millennium Summit in the year 2000 where in eight International Development Goals were adopted. These goals are as under:

1. To eradicate extreme poverty and hunger.
2. To achieve Universal Primary Education.
3. To promote Gender equality and empower women.
4. To reduce child mortality.
5. To improve maternal Health.
6. To combat HIV/AIDS, Malaria and other diseases.
7. To ensure environmental sustainability.
8. To develop a global partnership for development.

12. United Nation Global Compact- <https://www.unglobalcompact.org/>-(April 02, 2015 10.00 a.m.)

13. United Nation Global Compact Leaders Summit 2004-Final report (April 02, 2015 10.00 a.m.)

All the 189 Member States of the United Nations committed their support to achieve these goals by 2015. In June 2005 Finance Ministers of the G8 Countries had agreed to provide enough funds to the World Bank, International Monitoring Fund and the African Development Bank to achieve these goals. Further they agreed to waive around 50 Billion Dollars of debts of the heavily indebted poor countries to facilitate them to channel their resources towards the programmes for improving health, education and to alleviate poverty.

The Multi-National Enterprises shall strive to utilize their resources in fulfilment of the UN Millennium Goals as part of their strategy in compliance to their Corporate Social Responsibility. Unless the business majors who have International presence put their might in support of the UN Conventions and Declarations in respect of Corporate Social Responsibility and the development initiatives, the achievement of sustainable development would be a far cry.

In his Report titled *We the People* at the Millennium Summit 2000 Mr. Kofi Annan the then Secretary General said that the Millennium Development Goals, which emanated from UN Summits and Conferences of the 1990s, were endorsed in the United Nations Millennium Declaration of 8th September 2000<sup>14</sup>.

The achievement in this regard was not satisfactory. In September 2010 the progress was reviewed in conference of the United Nations and formulated an action global plan to achieve the goals. In July 2012, Secretary-General Ban Ki Moon appointed 26 public and private leaders to advise him the measures to be taken to achieve these goals.

### ***UN Convention against Corruption 2003***

The United Nations Convention against Corruption (UNCAC) was adopted by the

14. We the People-The Role of the United Nations in the 21st Century, UN Report (April 12, 2015 11.00a.m.)

General Assembly of the UNO on 31st October 2003. It is a multilateral convention negotiated by members of the United Nations. It was signed by 140 countries. Now, there are 174 parties, which include 171 Member Nations of UNO. This document comprises 71 Articles spread into 8 Chapters. It is the first legally binding anti-corruption instrument across the globe. It endeavours to prevent and curtail corruption. This document of Convention has transformed from a mere declarative statement to a legally binding agreement. It recognises the far reaching impact of corruption, economic crimes which are threat to the democratic values, sustainable development and the rule of law<sup>15</sup>. It envisages criminalizing certain conducts, strengthening international law enforcement and judicial cooperation, providing legal mechanisms for technical assistance and exchange of information.

The Conference of the States Parties to the United Nations Convention against Corruption in its first session, held in Amman from 10 to 14 December 2006 called upon the State Parties to adapt their legislations in accordance with the UN Convention<sup>16</sup>.

The United Nations Convention against Corruption endeavours to involve Civil Society and the NGOs in accomplishment of its Goals. In the year 2006 UNCAC Coalition was established with a network of 350 Civil Society Organisations spread over 100 Countries which are committed to promote the cause of UNCAC. This Coalition extends support at International level, Regional level and National level<sup>17</sup>.

The Nations across the World shall impose responsibility upon the corporate entities to adapt their CSR initiatives in

15. The Preamble of the United Nations Convention against Corruption, Para 2 (March 27, 2015 01.00 p.m.)

16. Conference of the State Parties 2006, Resolution 1/3. <http://www.unodc.org/unodc/en/treaties/CAC/CAC-COSP-session1-resolutions.html> (March 29, 2015 10.00 a.m.)

17. Who we are, UN uncaccoalition.org.



resonance with the UN Declarations and the National Laws.

### **World Summit 2005**

World Summit 2005 was held during 14-16 September 2005 in New York. It was to pursue the development goals adopted at the Millennium Summit organised by the United Nations, in the year 2000 and the subsequent declaration of Millennium Development Goals.

It was a once-in-a-generation opportunity to take bold decisions in the areas of development, reforms, Human rights and security that the UNO endeavour to pursue. The agenda was based on an achievable set of proposals outlined in March 2005 by Secretary-General *Kofi Annan* in his report "In Larger Freedom". As a historic outcome, the document took a unified stance by the international community on a broad array of crucial issues, including concrete steps towards combating poverty and promoting development to unqualified condemnation of all forms of terrorism alongwith the acceptance of collective responsibility to protect civilians against genocide and other crimes against humanity<sup>18</sup>.

At the end of the conference the World Summit Outcome Document was announced wherein the members reaffirmed their commitment to the global partnership for development set out in the Millennium Declaration, the Monterrey Consensus and the Johannesburg Plan of Implementation.

### **Conclusion**

The UN and its organs have taken many initiatives to make the multi-national enterprises socially responsible. Many of their declarations, conventions, covenants and international instruments pertaining to Corporate Social Responsibility do not depict a clear picture of dos and don'ts for the

Trans-National Business entities in order to enforce the corporate social responsibility. This has reflected in the G8 Summit Declaration which says, *"In order to strengthen the voluntary approach of CSR, we encourage the improvement of the transparency of private companies' performances with respect to CSR, and clarification of the numerous standards and principles issued in this area by many different public and private actors. We invite the companies listed on our Stock Markets to assess, in their annual reports, the way they comply with CSR standards and principles. We ask the OECD, in cooperation with the Global Compact and the ILO, to compile the most relevant CSR standards in order to give more visibility and more clarity to the various standards and principles."*<sup>19</sup>

Many Corporate entities practise Corporate Social responsibility for building their reputation and enhancing brand image. *Wesley Hutchinson*, faculty director of the Wharton Behavioral Laboratory, recently conducted a survey which asked executives to explain why they embark on Corporate Social Responsibility initiatives from the perspective of corporate strategy. Respondents were allowed to cite more than one reason and about 80% said they do so to improve their "general corporate reputation"<sup>20</sup>.

There have been many industrial disasters due to negligence or incompetence of Corporate Management resulting in loss of life not only of labour but also of the people living around the factories, environmental hazards and loss of capital of the investors. In a worst Mine Disaster on 10th March 1906, in Courrières, France 1,099 people died. On 21st September 1921 around 600 people died due to explosion in Fertilizer Plant in Germany. In one of the worst Coal Mine Disaster on 26th April 1942 in

18. World Summit 2005, U.N. CONFERENCES AND MEETINGS, [www.un.org](http://www.un.org). (March 27, 2015 05.00 p.m.)

19. G8 Summit Declaration Heiligendamm, Germany, Paras 24-26 <http://www.oecd.org/corporate/mne/40889288>. (April 02, 2015 05.00 p.m.)

20. Why do companies engage in Corporate Social Responsibility? ECONOMIC TIMES: <http://articles.economictimes.indiatimes.com/-safety> (April 05, 2015 10.00 a.m.)

Benxi, Liaoning, China 1,549 workers died. Over 3,000 people suffered deformities due to release of Mercury compounds for 37 years by petrochemical company in Minamata Bay, Japan. This disease was known as *Minamata* disease. In Italy a chemical manufacturing plant released toxins in the atmosphere in 1976 due to which 3,000 pets and farm animals died and more than 50,000 animals were affected. More than 200 people suffered from *chloraene* and other symptoms. In one of the worst industrial disasters in the history of Industrial disasters known as Bhopal Gas Disaster in India, occurred on 3rd December, 1984, due to release of poisonous gases from Union Carbide plant more than 5,000 people died and thousands of people are suffering from untold health hazards till today. It has affected a generation of people. In 1986 environmental hazards were created due to the release of Toxic agrochemicals in to Rhine River in Switzerland. In Dhaka, Bangladesh 1,129 people killed when an eight story building which housed five garment factories, collapsed.

Corporate Responsibility does not simply mean appropriate measures for avoiding industrial disasters. Corporate Social Responsibility thrusts upon the Corporate houses to contribute their part to the society, the environment, the local people, maintaining labour standards, fair trade practices and their accountability to not only the share holders but also to the stake holders. Strict measures

are required to ensure compliance by the Global Corporate entities to practise Corporate Social Responsibility as a liability upon them. There should be a mechanism and legal framework to report complains and penal action against the defaulting companies.

The United Nations shall take a proactive role in formulating the norms of Corporate Social Responsibility for the Multi National Enterprises. The United Nations shall establish an accrediting and auditing agency to assess the Corporate Social Responsibility of the Global and Transnational Corporate entities. The entities which comply to the standards prescribed by the Union and its Agencies shall be given credence by the member states. Those who do not comply shall not be the preferred companies in International trade. The Business Corporations which comply with the National and International norms of Corporate Social Responsibility shall only be allowed to be listed in the Stock Exchanges. The Corporate Social Responsibility shall not be a mere exercise of enhancing the brand image. There should be a clear Reporting mechanism to examine the activities of Corporate Social Responsibility. After comprehensive scrutiny and review of Corporate Social Responsibility, the agencies designated by the United Nations shall accord grades to the Multinational Enterprises. A corpus fund shall be generated to meet the expenses towards rehabilitation of the victims of Industrial Disasters.

## FORMATION OF A NEW STATE AND CONSTITUTIONAL PROCEDURE

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On 15.8.1947, the British India was granted independence as the separate dominions of India and Pakistan. The British Raj dissolved their treaty relations with more than 500 princely States and the said States have

acceded to either India or Pakistan. Most of the States joined Indian union and a few to Pakistan. Bhutan and Hyderabad opted for independence and the Hyderabad with the armed intervention of India conquered