

Corporate Social Responsibility and its adherence to the Human Right Laws

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Abstract: A Corporation is in law, quite distinct and separate from its members who compose it. Its right and liabilities are different from those of the members. But a company itself cannot conduct business or enter in to a contract. There are number of persons who are behind its success or failure and are responsible for the business and contracts carried by the company, through them. Therefore a share holder of company can legally enter into a contract with the company as such. Share holders might be entirely changed, or their numbers might greatly reduce, but it would make it no way, any change in the identity of the company.

Keywords: Human Right Laws, Corporate Social Responsibility

I. INTRODUCTION

The company might to become bankrupt but the shareholders would retain their millions. Why? Because it is legally bound by its responsibility toward its shareholders and creditors, according to the promoters of Corporate Social Responsibility corporate can make a great contribution to the community if they work to increase value for society as they go about their core activities. Therefore every single decision of corporate from extraction of raw material to employment of labour from sale of product to policy decision of starting business in an area and that of winding up has the potential to tremendous impact on lives of thousands of people directly and indirectly.

II. CORPORATE SOCIAL RESPONSIBILITY?

Till date, there is no single universally accepted or adopted definition is available in context of the Phrase "Corporate social responsibility" but it refers to a concept under which an incorporated Company voluntarily decides to contribute its profit share for the betterment of social structure and a cleaner environment. According to the World Business Council for Sustainable Development and European commission, corporate social responsibility is the continuing commitment to be taken by companies to contribute to sustainable economic development, working with employees, their families, the local community and society at large to improve their quality of life. It is a concept through which the company voluntarily includes the social and environmental dimensions in their business operations and in their relationships with the stakeholders.

III. CORPORATE ADHERENCES TO HUMAN RIGHT LAWS

Human Right laws are a part of International laws and the role of International Law is particularly indispensable in the field of Corporate Social Responsibility and in its governance. It is the back bone of the vision stated by the Earth Charter that

"We stand at a critical moment in the earth history, a time when humanity must choose its future. As the world become increasingly interdependent and fragile, the future at once holds great peril and great promises. To move forward we must recognize that in the midst of a magnificent diversity of cultures and life forms we are one human family and one earth community with a common destiny".¹ The Earth Charter is a modern declaration of fundamental Ethical Principles for building a just, sustainable and peaceful global society in the 21st century. It includes all form of principles values covered by among other the Universal Declaration of human rights, international human rights and environmental treaties. International organisations have promoted these principles. Companies have adopted Corporate Social Responsibility mission statements and programmes, and are sharing their efforts through sustainability reports. Environmental protection and human rights are core elements of the so - called 'corporate social responsibility' agenda and States remain key players in International Law with their significant role in the globalized economy to transnational companies.

As a matter of fact the Universal Declaration of Human Rights remains as relevant today as it was on the day in 1948 when it was proclaimed and adopted by the United Nations General Assembly. It is the most translated document in the world and is a testament of global nature and reach. The declaration itself has become a yardstick and a tool to measure right and wrong. It lays foundation for a just and decent future for all. Therefore it claims that the international community's are under an obligation which is though legal but also moral to uphold and defend and to make aware the ignored ones that the Declaration to protect their valuable rights still do exists. The Universal Declaration promises to all the economic, social, political, cultural and civic rights that underpin a life free from want and fear. They are not a reward for good behaviour. They are not country-specific, or particular to a certain era or social group. They are the inalienable entitlements of all people, at all times, and in all places - people of every colour, from every

race and ethnic group; whether or not they are disabled; citizens or migrants; no matter their sex, their class, their caste, their creed, their age or sexual orientation.¹ However, though it is difficult to specify the role of human rights in corporate codes and practices. In corporate world the scope of human rights is not only limited to labour rights, health and safety, child labour and consumer protection, but also encompasses the issues that affect the communities where international Corporations operates, whether there corporate action has a direct or indirect effect on such population such as relocation, violence against local populations by security forces of the state in order to protect Corporate facilities, imprisonment, torture or killing of anti corporate activities. Unlike traditional human rights law, corporate social responsibility related human rights recognizes a “collective” right of host State local communities living in or peripherally to the investment project, or which are directly impacted by the project’s operations, relating to environmental and social wellbeing.² By contrast the Draft UN Code of Conduct for Transnational Corporations contained a provision on human rights: “Transnational corporations should/shall respect human rights and fundamental freedoms in countries in which they operate. In their social and industrial relations, transnational corporations should/shall not discriminate on the basis of race, colour, sex, religion, language, social, national and ethnic origin or political or other opinion. Transnational corporations should/shall conform to government policies designed to extend equality of opportunity and treatment.”³ The UN Global Compact's ten principles in the areas of human rights, labor, the environment and anti - corruption enjoy universal consensus and are derived from the Universal Declaration of Human Rights; The International Labor Organization’s Declaration on Fundamental Principles and Rights at Work; The Rio Declaration on Environment and Development; The United Nations Convention Against Corruption. The UN Global Compact asks companies to embrace, support and enact, within their sphere of influence, a set of core values in the areas of human rights, labor standards, the environment and anti-corruption. Following are the ten Principles:-⁴

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2: make sure that they are not complicit in human rights abuses.

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4: the elimination of all forms of forced and compulsory labor;

Principle 5: the effective abolition of child labor; and

Principle 6: the elimination of discrimination in respect of employment and occupation.

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.

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery

The principles mentioned above directly leads to points CSR. UN Global Compact describes corporate responsibility in running the business, including social responsibility. However, as with OECD guidelines, the principles are only as voluntary norm submitted to the respective enterprise policies.

IV. CONCLUSION

Since beginning there have been attempts to conceptualize Corporate Social Responsibility the concept is the child of business ethics, it specifically attached to the business world and business is a universal phenomenon having no boundaries it’s an infinity road towards the development and prosperity of manhood. The modern concept of Corporate Social Responsibility requires a corporation to charit the portion of its hard earned profits even after the corporate in one way or the other contributed in the sustainable development of the society and the nation. And if the corporation does not do so then it will be regulated by the concept of Rights and Duties along with command theory. This shows that the state has delegated his responsibility and obligations to the big corporate house even when the constitution mandates that it is the state obligation to provide and ensure “social security” under the provisions and part of Directive principles of the state policy.

Today corporations are expected to provide donations out of their earnings to social educational institutions, charitable institutions, hospital, sport and others social welfare institutions under the legislative scheme. But the idea that a business has a societal obligation attached to Corporate Social Responsibility was as old as business itself and is a voluntarily practice. When a corporate offers an appropriate monetary salary to its men along with various other facilities and incentives, the men will be motivated to work effectively and efficiently. Thus taking care of its work force by any means and source is the first responsibility which is termed as a corporate social responsibility, a responsibility to provide all basic necessities of daily life to each and every single workman. To satisfy the market demand and consumer satisfaction is the second corporate responsibility which is

¹ Zeid Ra’ad Al Hussein, “Introduction”, Vii (Universal Declaration of Human Rights, United Nations, 2015)

² United Nations Global Compact, “ Guide to corporate sustainability, (2002)

³ UNCTC, *The United Nations Code of Conduct on Transnational Corporations*, 31 (UNCTC Current Studies Series A No.4, New York, United nations, 1986)

⁴ The Ten Principles of UN Global Compact, available at www.unglobalcompact.org

termed as “Social” as the goods produced by the corporation will the needs of society. To maintain the standard of quality of product as the product is to be consumed by the society, thus this will be the 3rd responsibility of a corporate termed as “Social” and further availability of produced good at affordable price to public at large is the 4th responsibility a corporation termed as “Social” and so on. In totality from the initial stage of its incorporation a corporate purely performs social responsibility and such a conduct is voluntarily initiated by the corporation and if all the above said factors combine together they earn profits to the corporate. If the corporate

earns profit it will be able to provide better living conditions to its employees and an upgraded product quality for the society. In practical sense corporations are always socially responsible but in theory they are expected to be socially responsible towards the society from which they earn profits under the shadow of the State Legislation supported with numbers of international law instruments that regulates the MNC’s activities related with CSR which is human right fulfillment, labor rights, environmental rights and sustainable development..

ⁱ The Earth Charter International , “Preamble”, (UNESCO, Brochure, 2018))

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