COMPARATIVE STUDY OF MULTINATIONAL CORPORATION'S FRAMEWORKS FOR LEGAL ENVIRONMENTAL COMPLIANCE WITH SPECIAL REFERENCE TO INDIA

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Abstract

This paper examines the frameworks multinational corporations (MNCs) use to ensure legal environmental compliance, focusing on practices in India. The study addresses three key areas: Firstly, it analyzes how MNCs from different countries design internal compliance mechanisms to navigate varied environmental regulations worldwide. This includes examining the guidance provided by headquarters to subsidiaries and the autonomy allowed in managing local environmental issues. Secondly, it explores legal doctrines and principles that hold MNCs accountable for environmental harm within India and internationally. This section discusses parent company liability and assesses how effectively existing legal frameworks deter environmental violations. Thirdly, the paper identifies and compares best practices that MNCs in India implement for effective environmental governance, covering environmental risk management, stakeholder engagement, and pollution control strategies. The paper aims to establish benchmarks for enhanced environmental performance across sectors by evaluating these practices. This comparative analysis highlights the strengths and weaknesses of current MNC compliance frameworks in India, offering insights for policymakers to develop stronger regulations and for MNCs to improve environmental stewardship within the Indian context.

Keywords: Corporate Social Responsibility, Multinational Corporations, Sustainable Development, Legal Environmental Compliance

1. Introduction

This comparative study examines the frameworks for legal environmental compliance employed by multinational corporations (MNCs) internationally, focusing on the regulatory challenges and best practices observed in India. The increasing prominence of MNCs in the global economy necessitates robust environmental governance to mitigate their operations' significant environmental impacts. This paper explores the complexities of regulatory frameworks, enforcement mechanisms, public awareness, and corporate initiatives that shape environmental compliance among MNCs.

Internationally, MNCs face diverse regulatory requirements, from international treaties to regional directives and national laws. Developed countries generally exhibit stringent enforcement mechanisms and higher public awareness, which drive MNCs to adopt comprehensive environmental policies. Conversely, developing nations often struggle with inconsistent regulatory enforcement, corruption, and limited resources, posing significant challenges for MNCs in maintaining compliance. The paper highlights the Trail Smelter Arbitration (1941), Chevron Corp. v. Yaiguaje (2015), and, Urgenda Foundation v. State of the Netherlands (2019) as pivotal cases that underscore the judiciary's role in advancing environmental protection and corporate liability.

In the Indian context, the regulatory framework includes extensive legislation such as the Environment (Protection) Act of 1986 and specific laws addressing air and water pollution. However, bureaucratic inefficiencies and overlapping jurisdictions often hinder the implementation and enforcement of these laws. Despite these

challenges, Indian MNCs are increasingly adopting international standards and sustainability initiatives. The Companies Act of 2013 also mandated Corporate Social Responsibility (CSR) spending, prompting greater investment in environmental projects.

Best practices identified include the adoption of international standards and certifications, technological innovation, and enhanced transparency through detailed environmental reporting. Indian MNCs like Tata Group and Infosys have demonstrated leadership by aligning with global best practices, investing in sustainable technologies, and improving transparency.

2. **Examination of Legal Environmental Enforcement Frameworks in Different Multinational Corporations.**

2.1. Agreements and Treaties

The foundation of MNCs' legal enforcement mechanism is built on international environmental treaties. For example,

Article 3 of the Kyoto Protocol (1997) sets legally binding goals for wealthy nations to reduce their emissions, impacting MNC activities in host nations that comply with these targets.

The Stockholm Declaration (1972) - The Stockholm Declaration on the Human Environment, adopted at the United Nations Conference on the Human Environment, was a seminal document that highlighted the interconnectedness of human rights and environmental protection. It emphasized the responsibility of corporations and governments to prevent environmental harm and promote sustainable development.

The Basel Convention (1989) – Article 4 of the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal imposes stringent obligations on countries and corporations to manage hazardous waste responsibly and prevent its illegal trafficking. MNCs involved in waste generation and disposal must comply with stringent requirements to avoid liability for environmental harm.

The Paris Agreement (2015) - The Paris Agreement, adopted under the United Nations Framework Convention on Climate Change (UNFCCC), aims to limit global warming to below 2°C pre-industrial levels. It calls for significant reductions in greenhouse gas emissions and enhanced transparency in reporting and verification. Articles 2 and 4 of the Paris Agreement establish goals for cutting emissions of greenhouse gases (Drumbl and Uhlířová: 2021). The stipulations of this agreement bind the states that ratify it, which indirectly affects MNCs doing business in those states. MNCs are encouraged to align their operations with the goals of the Paris Agreement by reducing emissions and investing in sustainable practices like Carbon Credits.

Enforcement of these treaties typically involves procedures for monitoring, documenting, and evaluating state parties' adherence. Noncompliance can result in diplomatic pressure, fines, or treaty-mandated dispute resolution mechanisms.

Before we move on to the next section, a comprehensive overview of the concept of Carbon Credits is needed. Carbon credits are a marketable credit that permits the holder to emit a specific amount of carbon dioxide or other greenhouse gases, which are known as carbon credits. Usually, one credit allows the release of one metric ton of CO2 or the same quantity of different greenhouse gases. As a result of international efforts to reduce greenhouse gas emissions and ameliorate climate change, the notion of carbon credits came into being. Carbon credits incentivize businesses and nations to invest in cleaner technology and practices by placing a price on carbon emissions.

When and How Did Carbon Credits Emerge? - The Kyoto Protocol, an international agreement enacted in 1997 and implemented in 2005, is where carbon credits first emerged. Developed nations now have legally mandated commitments to cut greenhouse gas emissions due to the Kyoto Protocol. The Clean Development Mechanism (CDM), established within this framework, enables rich nations to invest in environmentally friendly initiatives in developing nations and get carbon credits in exchange. Countries fulfill their

emissions objectives more economically thanks to this market-based strategy.

Implementation of Carbon Credits: How They Work - There are several ways to get carbon credits. Businesses and nations may gain credits. The projects ought to exhibit a decrease in greenhouse gas emissions in contrast to the usual case of business. After they are created, the credits can be sold on carbon markets to raise money for more environmentally friendly initiative s. (Anukwonke and Abazu: 2022). Platforms such as the largest and most well-established carbon market, the European Union Emissions Trading System (EU ETS), are used for trading carbon credits. Corporations exceeding their emission limits can buy from those with surplus credits, creating a financial aim to reduce emissions.[i]

Best Practices Worldwide – Sweden, Switzerland, and New Zealand are among the nations acknowledged for proficiently utilizing carbon credits and other environmentally friendly measures. Since 1991, Sweden, for example, has imposed a carbon tax that directly taxes the use of fossil fuels, serving as a supplement to the carbon credit system. Sweden's carbon emissions have significantly decreased, while this dual strategy promotes renewable energy. With a domestic emissions trading system and membership in the EU ETS, Switzerland has implemented a comprehensive carbon market mechanism. The New Zealand Emissions Trading Scheme (NZ ETS), which encompasses a wide range of industries, including forestry, energy, and industry, was formed in New Zealand, on the other hand.

Status in India: India has participated in the carbon credit market as a developing nation, mainly through the Clean Development Mechanism (CDM). India has many registered CDM projects (Sarkar and Dash, 2011), indicating its ability to support international efforts to reduce emissions. However, there are obstacles to using carbon credits in India, including vague regulations and market volatility.[ii]

Case Study: Tata Steel's Sustainable Practices: Tata Steel is a prominent illustration of a global company that uses carbon credits in India. Tata Steel has contributed to several CDM initiatives, such as energy efficiency upgrades and waste heat recovery. These initiatives have helped Tata Steel achieve its sustainability objectives by lowering its carbon footprint and producing a sizable amount of carbon credits.

Through many efforts, Tata Steel, one of the biggest steel manufacturers in India, has shown that it is committed to sustainability (Tata Steel: 2016). The company's CDM initiatives have produced millions of carbon credits, which have been exchanged on global carbon markets. Tata Steel, for example, has implemented a waste heat recovery facility at its Jamshedpur factory that harnesses waste heat from the steel-making process to create energy to reduce greenhouse gas emissions dramatically.

Through many efforts, Tata Steel, one of the biggest steel manufacturers in India, has shown that it is committed to sustainability. The company's CDM initiatives have produced millions of carbon credits, which have been exchanged on global carbon markets. To dramatically reduce greenhouse gas emissions, Tata Steel, for example, has implemented a waste heat recovery facility at its Jamshedpur factory that harnesses waste heat from the steel-making process to create energy and considerably reduce greenhouse gas emissions.[iii]

Apart from using carbon credits, Tata Steel has also included sustainability practices, including water conservation, integration of renewable energy, and circular economy initiatives. These initiatives have improved Tata Steel's environmental performance and established the business as a pioneer in corporate sustainability.

As a crucial instrument in the worldwide endeavour to tackle climate change, carbon credits give a monetary value to greenhouse gas emissions. Carbon credits, rooted in the Kyoto Protocol, have enabled significant global investments in sustainable initiatives. Sweden, Switzerland, and New Zealand are just a few nations demonstrating best practices in deploying carbon credits and combining regulatory measures with market-based

alternatives. Despite obstacles, India has a significant potential for carbon credits (Drumbl and Uhlířová: 2021), with businesses like Tata Steel setting the standard. Tata Steel has lowered emissions and established a standard for other international firms by funding carbon credit initiatives. Carbon credits will continue to be crucial in transitioning to a low-carbon future as the world struggles with climate change.[iv]

2.2. International Customary Law

Customary International Law includes internationally accepted norms that direct behaviour in the environment. Relevant standards include preventing transboundary damage, where states and multinational corporations must stop environmental damage that transcends national borders. This principle requires MNCs to answer for their conduct when it affects several nations. Although customary law influences state practices, court rulings, and international jurisprudence, it does not have enforcement mechanisms. However, states may use customary law in their courts to hold multinational corporations accountable.

2.3. International Organizations

International organizations play a crucial role in establishing environmental regulations and encouraging adherence. Notable entities include the United Nations Environment Programme (UNEP), which creates policies and fosters state collaboration to address environmental issues. UNEP's activities indirectly influence MNCs' behaviour by shaping state legislation. Similarly, The International Labour Organisation (ILO) sets guidelines for environmental preservation and workplace safety, and MNCs operating globally are expected to comply with ILO agreements and guidelines. For instance, the ILO's Convention No. 155 on Occupational Safety and Health Convention of 1981 and Recommendation No. 164 provide a framework for promoting safe and healthy working environments. Article 4 of Convention No. 155- Requires each member state to formulate, implement, and periodically review a coherent national policy on occupational safety, occupational health, and the working environment. This policy must prevent accidents and injuries arising out of, linked with, or occurring in the course of work by minimizing the causes of hazards inherent in the working environment. Article 5 of Convention No. 155- Lists the various measures that should be included in the national policy, such as the development of safety and health programs and the promotion of a safety and health culture at both national and enterprise levels. Article 16 of Convention No. 155 - States that employers should ensure that workplaces, machinery, equipment, and processes under their control are safe and without health risks. They should also ensure that the biological, chemical, and physical agents and substances are under their control and that appropriate protection measures are taken. These guidelines aim to protect workers' health and safety, requiring MNCs to adopt safe practices and contribute to environmental preservation by managing hazardous substances and ensuring safe working conditions. Compliance with these conventions is essential for MNCs, as it not only aligns them with international standards but also enhances their reputation and operational efficiency

2.4. Instruments of Soft Law

Non-binding agreements offer optional standards for ethical company behavior. For example, the OECD Guidelines for Multinational Enterprises encourage using environmental stewardship concepts such as resource conservation, pollution avoidance, and sustainable practices. Specifically, these principles are detailed in Chapter VI (Environment): This chapter provides a framework for how enterprises should conduct their activities to ensure environmental protection and sustainable development. Article 1 of Chapter VI Encourages enterprises to establish and maintain a system of environmental management appropriate to the enterprise, including collecting and evaluating adequate and timely information regarding the environmental, health, and safety impacts of their activities. Article 2 of Chapter VI- Advises enterprises to consider the need to protect the environment and public health safety and generally conduct their activities to contribute to the wider

goal of sustainable development. This includes measures to prevent, reduce, and mitigate environmental damage, particularly in resource-constrained settings. Article 3 of Chapter VI- Recommends that enterprises assess and address in decision-making the foreseeable environmental, health, and safety-related impacts associated with their processes, goods, and services over their entire life cycle to avoid or mitigate them. This includes taking appropriate measures to prevent pollution, minimize waste, and conserve resources. Article 4 of Chapter VI- Urges enterprises to continuously improve their environmental safety record by adopting technologies and operational processes that minimize environmental harm.

These articles collectively aim to guide MNCs towards integrating environmental considerations into their business operations, promoting resource conservation, pollution avoidance, and sustainable practices. Moreover, by adhering to and enforcing soft law norms, MNCs can reduce regulatory risks and enhance a company's reputation, promoting a positive image and potentially leading to better business opportunities.

2.5. Laws at the National Level

Multinational corporations (MNCs) in India must follow various environmental laws to protect the environment and ensure sustainable development. Key legislation includes the Water (Prevention and Control of Pollution) Act of 1974, the Environment Protection Act of 1986, and the Air (Prevention and Control of Pollution) Act of 1981, among others. Following are some specific sections and articles that MNCs must comply with:

2.6. Constitutional Provisions

The Indian Constitution provides a robust foundation for environmental protection. Article 48A directs the State to endeavour to protect and improve the environment and safeguard forests and wildlife. Article 51A(g) imposes a fundamental duty on citizens to protect and enhance the natural environment.

These constitutional provisions give rights and duties to the people of India and provide a basis for holding corporations accountable for environmental harm and ensuring sustainable development.

2.7. Statutory Framework

India has enacted several laws to regulate environmental pollution and hold corporations accountable for environmental harm. Key statutes include:

a. The Hazardous Waste (Management and Handling) Rules, 1989.

The Hazardous Waste (Management and Handling) Rules, 1989, govern hazardous waste generation, handling, storage, and disposal. MNCs involved in hazardous waste management must follow strict guidelines to prevent environmental contamination and ensure safe disposal.

b. The Environment (Protection) Act, 1986.

The Environment (Protection) Act of 1986 is comprehensive legislation that empowers the central government to protect and improve the environment. It provides a framework for regulating industrial activities, setting environmental standards, and enforcing compliance. The Act imposes penalties for violations, including fines and imprisonment.

Section 3—Empower the Central Government to take measures necessary to protect and improve the quality of the environment and prevent, control, and abate environmental pollution. This includes setting standards for emissions or discharges of pollutants.

Section 7 prohibits the discharge or emission of environmental pollutants above prescribed standards. MNCs must ensure that their operations comply with these standards to avoid penalties.

Section 15 provides penalties for noncompliance with the Act's provisions, including fines and imprisonment for individuals in charge of the offending company's operations.

c. The Air (Prevention and Control of Pollution) Act, 1981.

The Air (Prevention and Control of Pollution) Act of 1981 aims to prevent and control air pollution. It establishes the Central Pollution Control Board (CPCB) and State Pollution Control Boards (SPCBs) to monitor and enforce air quality standards (AQI-Air Quality Index). Corporations

must obtain permits to emit pollutants and adhere to prescribed emission limits.

Section 21 - Requires industries to obtain consent from the Pollution Control Board to operate any industrial plant in an air pollution control area. This ensures that MNCs have appropriate measures in place to control emissions.

Section 22 prohibits the emission of air pollutants beyond the standards prescribed by the State Pollution Control Board. To comply with these standards, MNCs must implement environment-friendly technologies and practices.

Section 31A - Empower the Pollution Control Boards to issue directions for closure or regulation of any industry if it violates the standards.

d. The Water (Prevention and Control of Pollution) Act, 1974.

The Water (Prevention and Control of Pollution) Act, 1974 regulates the discharge of pollutants into water bodies. It establishes the CPCB and SPCBs to oversee water quality management. Industries must comply with specified standards and obtain consent from regulatory authorities before discharging effluents.

Section 24 - Prohibits the discharge of pollutants into water bodies beyond a prescribed limit without the consent of the Pollution Control Board. MNCs must obtain necessary clearances and ensure their effluents meet the regulatory standards.

Section 25 - Requires any new or existing industry to obtain consent from the Pollution Control Board before establishing or altering any treatment and disposal system or outlet to discharge sewage or trade effluent.

Section 43 - Establishes penalties for contravening the provisions of the Act, including fines and imprisonment.

The researchers examined domestic and international laws before concluding that multinational companies (MNCs) must navigate various environmental restrictions in several countries as they operate in a complicated global context. These companies carefully design their internal compliance systems to meet the distinct regulatory environments of every nation in which they conduct business. A crucial component of this arrangement is how the corporate office directs its subsidiaries and how much latitude is given to local environmental management.

Corporate headquarters usually set broad environmental policies and guidelines corresponding to global standards and the company's sustainability objectives. By providing a framework for operation, these regulations ensure that all subsidiaries follow the same guidelines regarding environmental compliance. (Pham and Zeidan: 2014). Headquarters frequently give subsidiaries comprehensive instructions, materials, and equipment to enable efficient implementation of these policies. This coordinated strategy guarantees compliance with international environmental requirements and aids in maintaining a consistent company brand. MNCs are aware of the value of local adaptation, nevertheless. They frequently offer subsidiaries a certain amount of autonomy so they may customize compliance procedures to local environmental laws. This adaptability is essential since environmental regulations can differ significantly between nations due to factors including regional ecological circumstances, political agendas, and regulatory frameworks. Subsidiaries have the authority to create and carry out regional plans that deal with certain legal obligations and ecological issues.[v]

It is crucial to strike a balance between local autonomy and centralized direction. Headquarters oversee and assist subsidiaries through routine audits, training initiatives, and performance evaluations, guaranteeing adherence to company standards while considering regional differences. Thanks to this dynamic strategy, MNCs can effectively traverse the complexity of global environmental compliance. As a result, MNCs set up centralized environmental policies and allow their subsidiaries to modify them following local laws as part of their internal compliance framework. This well-balanced strategy guarantees uniform international standards while granting the adaptability required to handle various environmental requirements successfully.

3. Legal Doctrines and Principles Governing Corporate Liability for Environmental Harm caused by MNCs.

Multinational Corporations (MNCs) play a significant role in the global economy, driving innovation, creating jobs, and fostering international trade. However, their extensive operations can also lead to substantial environmental harm. (Morgera, 2020) Addressing this harm requires robust legal doctrines and principles to hold MNCs accountable and ensure they contribute to environmental sustainability.

3.1. International Legal Frameworks

3.1.1. Polluter Pays Principle (PPP) - The Polluter Pays Principle (PPP) is a foundational concept in international environmental law. It stipulates that those who produce pollution should bear the costs of managing it to prevent damage to human health or the environment. This principle is enshrined in various international agreements, such as the Rio Declaration on Environment and Development (1992), which asserts that "the polluter should, in principle, bear the cost of pollution. The PPP encourages MNCs to internalize the environmental costs of their operations. It incentivizes corporations to adopt cleaner technologies and sustainable practices by assigning financial responsibility to polluters. The principle also supports the idea that environmental damage should not be borne by society but by the entities responsible for causing it.[vi]

3.1.2. Precautionary Principle - The Precautionary Principle is another critical doctrine in international environmental law. In severe or irreversible environmental harm cases, the absence of complete scientific certainty should not be a reason for postponing cost-effective measures to prevent environmental degradation. This principle is articulated in the Rio Declaration and other international treaties. For MNCs, the Precautionary Principle implies a proactive approach to environmental management. MNCs are encouraged to anticipate and prevent environmental harm before it occurs, even if the scientific evidence is inconclusive. This approach is particularly relevant in industries with high environmental risks, such as insecticide/pesticide manufacturing, mining, and energy production.

3.1.3. Sustainable Development - Sustainable development is a guiding principle that balances economic growth with environmental protection and social equity. The Brundtland Report (1987) defined sustainable development as "development that meets the needs of the present without compromising the ability of future generations to meet their own needs." This concept has been integrated into numerous international agreements and national policies. MNCs are expected to align their business practices with sustainable development goals. This involves reducing their deleterious environmental impact, conserving natural resources, and contributing to the well-being of local communities. Integrating sustainability into corporate strategies can enhance long-term profitability and stakeholder trust.

3.1.4. Corporate Social Responsibility (CSR)

Corporate Social Responsibility (CSR) is a self-regulatory model whereby businesses commit to ethical practices and contribute to economic, environmental, and social well-being. While CSR is not legally binding, it is increasingly recognized as a crucial element of corporate governance. For MNCs, CSR initiatives can include reducing carbon footprints, investing in renewable energy, supporting biodiversity conservation, and engaging in community development projects. By adopting CSR practices, companies demonstrate their commitment to sustainable development and enhance their reputation and competitiveness.

3.1.5. Parent Company Responsibility

Maintaining that a parent company may be held accountable for its subsidiaries' activities is a legal doctrine and concept that holds multinational corporations (MNCs) responsible for environmental harm. This notion is essential because it guarantees accountability at the highest corporate level when subsidiaries damage the environment. International treaties and legal frameworks like the Environmental Protection Act aim to discourage domestic and global environmental infractions. Their efficacy varies, nevertheless, as jurisdictional problems and enforcement obstacles frequently undermine strict accountability. To effectively discourage and ensure responsibility, these frameworks must be strengthened, and their execution must be rigorous.

3.2. Comparisons of National/International Regulatory Challenges and Best Practices in Environmental Governance

Table-1. Comparison of Regulatory Challenges in Environmental Governance among MNCs in India

Items	International Perspective	Indian Perspective
Complexity of Regulatory Frameworks	MNCs must navigate a web of international treaties, national laws, and regional regulations globally. This complexity often leads to challenges in compliance, as regulations can vary significantly between countries. (Demirel et al:2018: 80-91). For instance, the European Union (EU) has stringent environmental regulations under directives like the EU Emissions Trading System (EU-ETS), while regulations in developing countries may be less rigorous.[vii]	In India, the regulatory framework includes comprehensive legislation like the Environment (Protection) Act of 1986 and specific laws addressing air and water pollution. (Arun: 2004: 403) However, the implementation and enforcement of these laws are inconsistent. Bureaucratic inefficiencies, overlapping jurisdictions, and limited resources for regulatory agencies contribute to these challenges.[viii]
Enforcement and Compliance	Enforcement of environmental regulations varies across countries. Developed nations typically have robust enforcement mechanisms, but developing countries often struggle with corruption, inadequate funding, and a lack of technical expertise. (Brunnée: 2006: 1-24). MNCs operating in these regions may face difficulties ensuring consistent compliance with environmental standards.[ix]	Enforcement is a significant challenge in India. Regulatory bodies like the Central Pollution Control Board (CPCB) and State Pollution Control Boards (SPCBs) often lack the resources and manpower needed for effective monitoring and enforcement. (Gupta et al.:2019: 313-327) This can lead to weak compliance and insufficient penalties for violations, undermining environmental protection efforts.[x]
Public Awareness and Participation	Public awareness and participation in environmental governance are higher in countries with established civil societies and active environmental movements. In developed countries, MNCs are more likely to be held accountable by informed and engaged citizens. However, in areas with low public awareness, corporations are less pressured to adhere to environmental standards.	Public awareness about environmental issues is growing in India, but it remains limited in many areas, particularly rural regions. This lack of awareness can result in insufficient public pressure on MNCs to maintain high environmental standards. (Ebbesson: 1998:51). Additionally, access to information and participation in decision-making processes are often restricted, further hindering effective governance.[xi]

Table-2. Comparison of Best Practices in Environmental Governance among MNCs Internationally and in India

Items	International Perspective	Indian Perspective
Corporate Social Responsibility (CSR) and Sustainability Initiatives	Globally, many MNCs have adopted comprehensive CSR policies that include environmental sustainability initiatives. Companies like Unilever and Patagonia have set ambitious sustainability goals (Ng and Tavitiyaman: 2020: 3-15), such as reducing carbon footprints and using sustainable materials. These initiatives often go beyond regulatory requirements, demonstrating a commitment to environmental stewardship.[xii]	In India, the Companies Act of 2013 mandates that certain companies spend a minimum percentage of their profits on CSR activities. This has led to increased corporate investment in environmental projects. (Prasad et al: 2019:374-384). For example, Tata Group has implemented various sustainability initiatives, including water conservation projects and renewable energy investments. These efforts reflect a growing recognition of the importance of environmental responsibility.[xiii]
Adoption of International Standards and Certifications	Many MNCs adhere to international environmental standards and certifications, such as ISO 14001 (Environmental Management Systems) and LEED (Leadership in Energy and Environmental Design) for buildings. (Delmas: 2011:103-132) These standards provide a framework for managing environmental impacts and improving sustainability performance.[xiv]	Indian MNCs are increasingly adopting international standards to enhance their environmental governance. (Turaga and Gupta, 2018) Companies like Infosys have achieved ISO 14001 certification, demonstrating their commitment to sustainable practices.[xv] Adherence to these standards helps Indian companies align with global best practices and improve their environmental performance.
Innovation and Technology	Technological innovation is a key driver of improved environmental performance among MNCs. Companies are investing in green technologies, such as renewable energy, energy-efficient processes, and waste-reduction technologies. (Donbesuur et al: 2020: 161). For instance, Google has committed to operating its data centers on renewable energy thus improving energy efficiency processes.[xvi]	Indian MNCs are also leveraging technology to enhance environmental governance. (Villanthenkodath and Mahalik:2022) Reliance Industries, for example, has invested in advanced waste management and recycling technologies. These innovations help reduce deleterious environmental impacts and promote sustainable development.[xvii]
Transparency and Reporting	Transparency and reporting are crucial for effective environmental governance. Many MNCs publish detailed sustainability reports outlining their environmental impacts, goals, and progress. (Gupta and Mason:2014) This transparency allows stakeholders to hold companies accountable and encourages continuous improvement.[xviii]	Indian companies are increasingly embracing transparency in environmental reporting. The Securities and Exchange Board of India (SEBI) mandates that listed companies disclose their environmental and social, governance (ESG) performance. (Ezhilarasi and Kabra:2017: 24-43). This requirement promotes greater accountability and encourages companies to adopt sustainable practices.[xix]

4.1. International Notable Judicial Pronouncements on Environmental Protection and Corporate Liability

4.1.1 Trail Smelter Arbitration (United States v. Canada)[xx]

The Trail Smelter Arbitration is a landmark case in international environmental law. It established that states are responsible for environmental damage caused by activities within their jurisdiction that affect other states. The case arose from a smelter in Trail, British Columbia, which emitted sulfur dioxide fumes, causing damage to crops, forests, and property in the neighbouring State of Washington, USA. (United States v Canada: 1941). The arbitral tribunal held that Canada was liable for the damage caused and required it to prevent further harm. (Morgera, 2020). This case set a precedent for the principle of transboundary damage and the duty of states to avoid environmental damage beyond their borders.[xxi]

4.1.2. Urgenda Foundation v. State of the Netherlands, Supreme Court of the Netherlands[xxii]

In this groundbreaking case, the Urgenda Foundation sued the Dutch government, arguing that its inadequate climate change action violated Dutch citizens' rights under the European Convention on Human Rights (ECHR). (Cámara: 2022: 299-330) The Dutch Supreme Court upheld the lower courts' decisions, ruling that the government had a duty to take more ambitious action to reduce greenhouse gas emissions. The Court mandated that the Dutch government reduce emissions by at least 25% by the end of 2020 compared to 1990. This case is significant as it demonstrates the judiciary's role in enforcing action on Climate change based on human rights obligations.

4.1.3. Chevron Corp. v. Yaiguaje, Supreme Court of Canada[xxiii]

This case involves a group of Indigenous Ecuadorian plaintiffs who sought to enforce a multi-billion-dollar judgment in Ecuador against Chevron Corporation for environmental damage caused by oil extraction activities in the Amazon rainforest. The plaintiffs brought the case to Canada, seeking to hold Chevron's Canadian subsidiary liable. (MacLean: 2019:351). The Supreme Court of Canada ruled that the plaintiffs could pursue their case in Canada, affirming that Canadian courts have jurisdiction to hear the enforcement action. This decision underscores the potential for holding multinational corporations accountable for environmental harm in foreign jurisdictions.

4.2. Analysis of Case laws and Precedents related to Environmental Litigation against MNCs in India.

4.2.1 M.C. Mehta v. Union of India - In the landmark case of M.C. Mehta v. Union of India (1987), the Supreme Court of India established the doctrine of absolute liability for industries engaged in hazardous activities. (Singh, 2014). The Court held that such industries have an absolute and non-delegable duty to ensure no from their operations. This doctrine imposes strict liability on corporations, irrespective of fault or negligence.[xxiv]

4.2.2. Indian Council for Enviro-Legal Action v. Union of India - In this case, the Supreme Court addressed the issue of hazardous waste disposal and environmental remediation. (Bhadouriya: 2022). The Court held that polluting industries are liable for the costs of cleaning up environmental damage and restoring affected areas. This decision reinforced the Polluter Pays Principle and emphasized the need for corporate accountability.[xxv]

4.2.3. Vellore Citizens Welfare Forum v. Union of India - In Vellore Citizens Welfare Forum v. Union of India (1996), the Supreme Court recognized the Precautionary Principle and the Polluter Pays Principle as integral to Indian Environmental Law. (Sen: 2013:27-44). The Court directed industries to adopt preventive measures to avoid environmental harm and bear pollution control costs. This case also underscored the importance of sustainable industrial practices.[xxvi]

Achieving better environmental governance is crucial for multinational companies (MNCs) doing business in India. Proactive stakeholder involvement, thorough environmental risk

management, and effective pollution control measures are frequently associated with best practices in this field.

(Briefing: 2024) An essential component of efficient governance is environmental risk management. Prominent multinational corporations carry out comprehensive evaluations of environmental impacts and consistently track any hazards. They use cutting-edge technology to gather and analyze data in real-time, allowing for the early detection and reduction of environmental concerns. Organizations like Infosys and Tata Group have implemented strict risk management systems integrating global standards like ISO 14001.[xxvii]

Another important area where MNCs succeed is stakeholder involvement. Transparent communication with local communities, governmental organizations, and environmental groups is essential to effective participation. Businesses like Hindustan Unilever and Nestlé India have created strong stakeholder engagement strategies. These strategies include frequent public consultations and cooperative projects with NGOs. These initiatives promote community involvement in environmental conservation initiatives in addition to fostering the development of trust.

Strategies for reducing pollution are essential for reducing the environmental impact. Modern technology is used by MNCs like Mahindra & Mahindra (Tech Mahindra: 2022). and Siemens India to control waste, minimize emissions, and maximize resource efficiency. These include using renewable energy sources, closed-loop recycling systems, and green manufacturing techniques.[xxviii]

Lastly, by contrasting these best practices, the paper has established possible standards for enhanced environmental performance throughout the industry. Other multinational corporations (MNCs) looking to improve their environmental governance might take a cue from the combination of proactive stakeholder engagement, thorough risk management, and creative pollution control measures.

5. Conclusion

The legal doctrines and principles governing corporate liability for environmental harm are crucial for promoting environmental sustainability and holding MNCs accountable for their actions. As discussed earlier, international principles such as the Polluter Pays Principle, Precautionary Principle, and Sustainable Development provide a comprehensive framework for regulating corporate behaviour. In India, constitutional provisions, statutory laws, and judicial pronouncements, which are touched upon in this paper, reinforce these principles and establish a robust legal framework for environmental protection.

The paper concludes that incentivizing sustainable practices, strengthening regulatory enforcement, promoting public awareness, encouraging corporate innovation, and enhancing transparency are crucial for improving environmental governance among MNCs in India. By learning from international best practices and fostering a collaborative approach involving governments, corporations, and civil society, India can enhance its framework for legal environmental compliance, ensuring that MNCs contribute positively to environmental sustainability.

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