

No. J-11013/41/2006-IA.II(I)
Government of India
Ministry of Environment & Forests

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Dated the 18th May, 2012

Office Memorandum

**Sub: Institutionalizing Corporate Environmental Responsibility –
Regarding.**

Ministry of Environment & Forests recognizes that there is a need to integrate environmental concerns into the mainstream of Corporate Policies. Accordingly it is considered desirable that Corporate Houses, major public sector undertaking (PSUs) and companies put in place and implement a concrete Corporate Environmental Policy for protection of environment.

In this regard, Ministry of Environment & Forests has held a meeting with senior representatives of ASSOCHAM, CII, FICCI and FIMI. Based on the discussions, a draft concept paper has been prepared outlining the element of Corporate Environment Policy.

A copy of the draft paper is hereby placed in public domain for inviting comments / suggestions from all stakeholders. The comments may be sent to the undersigned by post or by email at skag@nic.in within 45 days from today.


(Dr. S.K. Aggarwal)
Director

**Encl.: Copy of the draft concept paper
on Institutionalizing Corporate
Environmental Responsibility.**

Website of MoEF

Institutionalizing Corporate Environmental Responsibility

1. Introduction and Scope

1.1 Introduction:

Environment¹ and natural resources are the prime source of all material inputs to economic activities. The environment also acts as a receiver and sink of the various kinds of waste generated through human activity. A proper balance between the developmental needs and environmental concerns, is necessary in order to pursue the path of sustainable development.

Sustainable Development involves an enduring and balanced approach to economic growth, social protection and justice, and environmental conservation.²

The Ministry of Environment & Forests issued the National Environment Policy (NEP) in the year 2006, as a *“response to our national commitment to a clean environment as mandated in the Constitution in Articles 48A and 51A (g) and strengthened by judicial interpretation of Article 21.”* The NEP is intended to mainstream environmental concerns in all development activities. The dominant theme of the policy is that *“while conservation of environmental resources is necessary to secure livelihoods and well-being of all, the most secure basis for conservation is to ensure that people dependent on particular resources obtain better livelihoods from the fact of conservation than from degradation of the resource.”*

The National Voluntary Guidelines on the Social, Environmental and Economic Responsibilities of Business were notified by Ministry of Corporate Affairs on 8th July 2011. The Guidelines are designed to be used by all businesses irrespective of size, sector or location. The Guidelines, which are voluntary in nature, also provide a framework for responsible business action for Indian MNCs planning to invest or already operating in other parts of the world.

¹ The “Environment” comprises all entities, natural or manmade, external to oneself, and their interrelationships, which provide value, now or perhaps in the future, to humankind. Environmental concerns relate to their degradation through the actions of humans.

² The present day consensus on sustainable development involves three foundational aspirations: First, that human beings should be able to enjoy a decent quality of life; second, that humanity should become capable of respecting the finiteness of the biosphere; and third, that neither the aspiration for the good life, nor the recognition of biophysical limits, should preclude the search for greater justice in the world.

In order to further streamline and strengthen environmental actions, going beyond legal compliance, by business organisations, a draft guideline document on Corporate Environment Responsibility is hereby prepared for further discussions and improvement.

1.2 Scope:

The draft guidelines cover projects, activities, expenditure, documentation and monitoring of environmental initiatives of a business organisation. In the event that an organisation is unable to adhere or comply with the Guidelines, it shall inform its stakeholders about the aspects of the Guidelines the company was unable to follow either partially or fully.

The Corporate Environment Responsibility guidelines will assist organisations in formulating and implementing their corporate environmental policy, projects/activities, and aligning suitably the organizational structure for achieving the goal of improved environmental performance.

2 .Corporate Environmental Policy

Environmental compliance initiatives need to be corporate policy driven to ensure efficient and effective implementation across the organisation. The organisation shall adopt an environmental policy:. The policy shall:

- a.** Be appropriate to the nature and scale of the organisation's activities, products and services, and adopted at the Board level. It shall be documented, implemented, maintained, and communicated to all persons working for the organisation, and on its behalf.
- b.** Contain environmental norms and standards that, where relevant, exceed legal compliance requirements, and be progressively enhanced,
- c.** Define a specific organizational structure for guidance, implementation,
- d.** Promote self-regulation on environmental compliance related to all activities in the business cycle of the organisation.
- e.** Ensure the required commitment from the top management for the allocation of sufficient financial, human, organizational infrastructure, and technology resources for its implementation.
- f.** Shall be integrated with all stages of the project/activity cycle of the organisation
- g.** Ensure environmental performance of all projects/activities over and above the applicable legal requirements to which organization has to comply.

- h. Shall be aligned with the policies and management systems of the organisation, including the Environmental Management Systems (EMS) or other environmental performance initiatives.
- i. Shall provide for incentives to its employees for achieving corporate environmental targets that go beyond legal compliance, and disincentives for failure to achieve these.
- j. Provide for monitoring and review of corporate environmental performance, along with the reporting of non-compliances. The monitoring, reporting of implementation, and review shall be at the level of the Board, and the guidance of the Board shall be communicated to all concerned in writing for compliance. Together these would comprise the Corporate Environmental Performance Report, and shall be included in the Organization's Annual Report.

2.1 Generic elements of Corporate Environment Policy:

The generic elements of the Corporate Environment Policy for industry are given below:

- Operate the facilities in compliance with all applicable environmental laws and regulations, and beyond, and in a way that is protective of the health and safety of its employees and the surrounding communities. For this purpose targets may be defined for factors such as reducing emissions, discharges and generation of wastes, besides industrial accidents, health related absenteeism, among employees etc.
- Prepare and maintain facility/site³ specific legal register listing all the applicable regulations and the compliance requirements.
- Continually improve the environmental performance of organizational processes and products through waste minimization and pollution abatement. Review facilities and programs on a regular basis and establish monitorable targets, quantified as appropriate, for continuous improvement in the environmental performance.
- Integrate the consideration of environmental concerns and impacts into decision making and activities,
- Minimize consumption of natural resources through the reduction, reuse or recycling of materials, as much as possible..
- Encourage efficient use of energy, water, and utilities,

³ (State level environmental laws may vary from place to place and each Company location must comply accordingly.)

- As far as possible, purchase products and services that do the least damage to the environment on a lifecycle basis..
- Promote environmental awareness among the employees and encourage them to work in an environmentally responsible manner,
- Communicate the environmental commitment and performance of the organization to its clients, customers, and the public
- Where required by legislation or where significant health, safety or environmental hazards exist, develop and maintain appropriate emergency and spill response programmes.

2.2 Corporate Policy Implementation

Resources, Roles and Responsibility

The organisation shall specify an organizational structure to oversee the effective implementation of Corporate Environmental Policy. This structure shall define key responsibilities within the various levels of an organization for policy implementation and shall include top to bottom and bottom to top involvement throughout the Organisation. A suggested model structure is provided below in Figure-1.

The management shall ensure the availability of resources essential to implement the corporate environmental policy across all its activities/projects. Resources shall include human resources, organizational infrastructure, technology and financial resources. Roles and responsibilities shall be defined, documented and communicated to facilitate the effective implementation of the environment policy.

As part of the existing Board structure, compliance committee should also oversee the environmental performance status inclusive of the conditions prescribed under various environmental consents and clearances, as well as the corporate norms, standards and targets that exceed the legal compliance requirements.

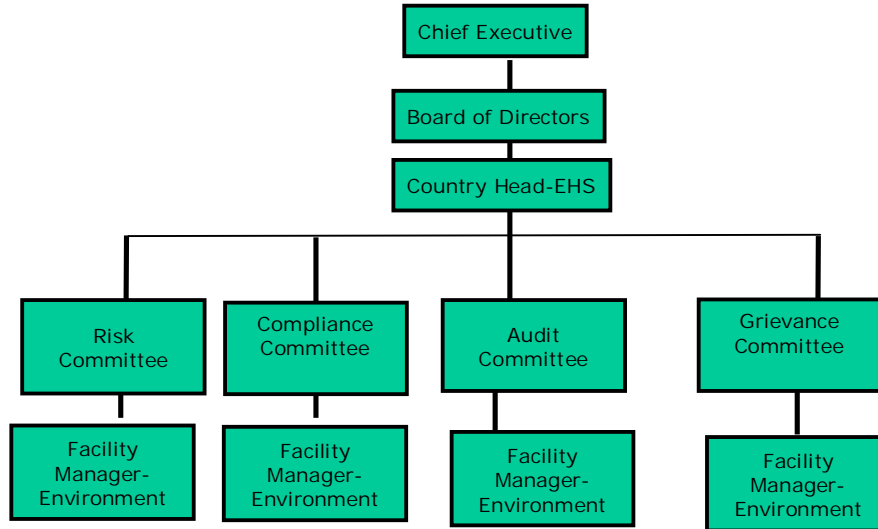


Figure1: Suggested Model Organisational Structure

Documentation

The policy shall be made available on the organization’s website, be clearly signposted, and be available in hard copy.

The organisation shall clearly specify and document the following:

- a. Corporate Environment Policy.
- b. Resource allocation for its effective implementation.
- c. Defined responsibilities and roles.
- d. Expected major measureable and perceivable results/deliverables, including corporate targets.

The planning, implementation and monitoring of the organisational environmental performance have to be documented meticulously. All achieved milestones should be well supported by documentary evidence in the form of photographs, monitoring records, and/or reports, wherever applicable.

2.2 Transparency in the implementation of Environmental Policy

Monitoring is crucial and needs to be conducted periodically. Monitoring helps those involved with implementation of Environmental Policy to assess if progress is being achieved in line with expectations. It serves to drive accountability and transparency, and provides for learning to implement in future initiatives. Systematic and structured reporting process will

facilitate accountability and transparency between the organisations and their internal and external stakeholders

The organisations shall implement a monitoring mechanism by its defined organizational structure with clear roles and responsibilities for every project/activity comprising of the following steps:

- a.** Creating a legal register specifying all the regulatory compliance conditions along with the compliance conditions, clearance conditions that have been found by the Ministry or other public authorities. Conducting a baseline assessment in order to be able to monitor progress
- b.** Monitoring, collecting and documenting data on the environmental performance.
- c.** Preparing Annual Environmental Performance report and including it in its Annual Report

The organisations may publish/communicate information on their environmental performance in a structured manner to all their stakeholders and the public at large.

The management shall ensure that appropriate and necessary information that describes the organisations' environmental performance is communicated throughout the company. This will allow the internal stakeholders to fulfil their responsibilities to help the organisation reach the planned environmental performance.
