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**SAKSHAM SAMARTH**

Hidayatullah National Law University, Raipur, India, India

**PRASHASTI JANGHEL**

Hidayatullah National Law University, Raipur, India, India

## **CODE OF CONDUCT FOR MNCs IN RELATION TO ENVIRONMENT ISSUES**

### **Abstract:**

“Meeting environmental objectives are part of a dynamic and integrated process in which economic, social and environmental objectives are closely intertwined”. This declaration made at the Rio+20 Declaration on Justice, Governance and Law for Environmental Sustainability encapsulates the basis of legal framework governing and regulating Multinational Corporations. Globalisation has benefited MNCs largely and the world has noticed that countries often undervalue their natural resources in order to attract investments from such gigantic corporations. Regulating and controlling MNCs is a complex task since they have become global actors with great economic power and political influence. Therefore, the international community, comprising of global and civil society organizations, expressed concerns about environmental degradation caused by industrial activities and demanded greater awareness with respect to business decisions that might have a prospective impact on the environment. Resultantly, considerable number of international instruments and multilateral agreements providing for environmental protection were adopted. However, what concerns us is the skewed debate on the role such MNCs play in ensuring sustainable development. So, what is the real threat that is posed by MNCs? The authors, through this paper, have highlighted the major affects of operations of MNCs on environment and the role played by governments at national level, in trying to reduce the negative impacts. International law does not provide easy solutions to the social and environmental issues posed by the activities of MNCs, since it is addressed to state parties and therefore, does not impose obligations directly upon such corporations. This trend led to the proliferation of international as well as domestic codes of conduct for MNCs. The authors seek to establish the nexus between MNCs and the environmental issues, highlighting the incidents of Ecuador, India, Bougainville, Ivory Coast, Nigeria and Papua New Guinea. The sanctity of these codes of conduct for MNCs, in promoting standards of ethical business practices, is marked well through case analysis and changing legal systems of different nations. This paper dwells upon the aspects of state sovereignty, sustainable development; polluter pays principle, precautionary principle, and principle of preventive action, co-operation, and principle of common but differential responsibility. In review of some of the most significant codes of conduct at international level, we have tried to propose a socially desirable standard which the MNCs could unhesitatingly self-apply in their business plans. Lastly, the paper summarizes the role of MNCs in imparting environment friendly technology and ideas in developing states through foreign investment.

### **Keywords:**

Multinational Corporations, Environment, Investment law, Codes of Conduct, Globalization

**JEL Classification:** A31, A30, A39